

Downsizing  
the Treasury

Hamish McRae Page 13

Sock horror: the man  
who went store crazy

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## THE INDEPENDENT

3,007

FRIDAY 7 JUNE 1996

WEATHER Hot and humid, some showers 40p (IR 45p)

- Mortgage rates lowest since 1971
- Retail sales rise for eighth month
- House prices on the increase
- Tories tempted by snap election
- It was the hottest day of the year
- Indians routed by England

## Summertime. And the living is easy

DIANE COYLE  
Economics Editor

Chancellor Kenneth Clarke yesterday reduced the cost of borrowing to its lowest for nearly 25 years, bringing millions of homeowners an unexpected bonus. A surprise quarter-point reduction lowered base rates to 5.75 per cent.

Many of Britain's mortgage lenders followed suit, led by the two biggest, Halifax and Abbey National. The fall in mortgage rates, at their lowest for three decades, will save an average borrower £7 to £10 a month.

Conservative backbenchers, encouraged by improving economic news, speculated that John Major was leaving open the option of calling a snap autumn election on tax cuts and anti-European feeling following the beef crisis.

The volume of retail sales grew for the eighth month running in May, although more slowly than in April.

Retailers' optimism about future sales returned to its highest level since 1988, according to a CBI survey.

Separate figures showed that new car registrations last month were 8.5 per cent more than a year earlier.

Black Horse Estate Agencies, owned by Lloyds Bank, reported a sudden shortage of properties as thousands of buyers returned to the housing market. Nearly half said they did not have enough family houses on

their books.

Other surveys revealed increased optimism among small companies for the second successive quarter and a sharp year-on-year decrease in companies entering receivership.

Yesterday's move by the Chancellor, following cuts in interest rates and taxes, will help ensure that growth continues to pick up.

Mike Blackburn, the Halifax's chief executive, said: "This latest cut represents a further shot in the arm for the housing market."

Base rates have now fallen four times, in quarter-point steps, over the past seven months.

The latest fall is one of several steps to consumer spending, including electricity rebates, maturing T-Notes, tax cuts and earlier mortgage reductions. New price controls announced by the regulator, Ofgas, will take £8 a year off the average gas bill.

A new batch of surveys yesterday brought further evidence

that the economy is gathering steam.

Mr Clarke termed his move "sensible", dismissing suggestions that it had been politically driven. "I don't take monetary decisions to affect the timing of an election," he said. But disbelievers abounded.

A Liberal Democrat spokesman, Malcolm Bruce, said: "The Government's inflation target has now been replaced by a re-election target."

Many City of London com-

mentators were equally sceptical. "Every chancellor in the past 25 years has reduced base rates in the run-up to an election. At least Mr Clarke is not alone in letting politics cloud his economic judgement," said Alex Garrard, at UBS investment bank.

Most commentators were convinced that Eddie George, Governor of the Bank of England, had opposed the cut. In one sign of disagreement, his monthly meeting with the

Chancellor on Wednesday lasted an hour and a half, nearly twice as long as usual.

Only last month the Bank predicted that Mr Clarke was slightly more likely than not to miss his inflation target two years hence – the deadline inflation policy was intended to aim for – if base rates were not increased.

Roger Bootle, chief economist at the City bank HSBC Markets, said: "The Bank's latest *Inflation Report* suggests

they would have opposed the move strongly, although the Governor is enough of a politician not to have gone out on a limb."

Mr Clarke emphasised the absence of any cost pressures behind yesterday's cut, which came the week before his annual Mansion House speech on monetary policy. A significant minority in the City agreed that the stronger pound and low inflation justified lower interest rates.

Clarke versus George, page 15



Photograph: Brian Harris

**MICHAEL STREETER**  
Yesterday was the kind of summer day that made Britain seem a decent place to call home. It was the hottest day of the year, with temperatures nudging 30C (86F). Indeed, London put the likes of Bermuda, Rio de Janeiro, Los Angeles and the Bahamas firmly in the shade. On the pitch at Edgbaston, England's cricketers bowled India out in a display which could only be described as lively – not the sort of adjective usually applied. Meanwhile, Terry Venables and the England football team were at last able to focus on preparations for Euro 96, rather than in-flight entertainment – and Kenneth Clarke cut interest rates.

Politicians pray for such conditions. And it is for more of the same that Conservative strategists will be hoping as they plot the date of the general election. In fact, before making a decision, the suits at Central Office could do worse than take a seat in front of the box, and tune into the Euro 96 championships.

For many, Harold Wilson's stunning success in the 1966 election will always be associated with England's World Cup victory. Conversely, in 1970, Wilson received a drubbing at the hands of Ted Heath just days after England squandered a two-goal lead in the Mexico World Cup and lost to West Germany.

Were these events connected? Perhaps. As one senior Government source told the *Independent*: "If England win Euro '96 then we'd call the election immediately."

A long, fine summer could leave the nation feeling better about itself, water shortages allowing, before an autumn poll. Whatever happens, it is beginning to feel rosier than 1991. Just before the last election, a restaurant in Battersea, south-west London, was trying to entice diners inside with a "recession menu".

## Clarke resists calls for an early poll

COLIN BROWN

Better economic news, beef jingoism and a change in the national mood over the summer are encouraging some Tories to talk about a tax-cutting Budget and a snap election later this year. Tentative plans have been laid for a quick manifesto and a sudden campaign. But with the Government so far behind in the polls, the Cabinet is distinctly hostile. Kenneth Clarke, as a strong candidate for a late election, will have a relaxed mood when he meets his Treasury team today to discuss strategy for the Budget. And, with the Bank cutting interest rates and evidence of consumer recovery, he has some reason for self-congratulation.

On BBC radio yesterday he said: "What is going to win this election is that we are running a good market economy. Handing this lot on to Gordon Brown would be the silliest mistake the

British public can make." But Tory backbenchers do not share his optimism. While the Chancellor plumps for a "steady as she goes" Budget, many are growing increasingly agitated. They believe his red Budget box is their last hope of winning the election, and fear that when he flips it open to a waiting world this autumn, it will be empty.

Their worst fears were compounded by the Treasury's discovery that its forecast for VAT receipts was £600m off the mark. And last week the OECD reported last week that growth is likely to be about 2 per cent, 1 per cent less than forecast.

This may have been responsible for the Chancellor's decision to snip interest rates by a quarter per cent yesterday. That is feeding through to lower mortgage rates and higher consumer spending. If the recovery continues, the "feelgood factor" may be rediscovered by polling day.

But many MPs feel that if Mr Clarke has got nothing to offer voters by way of a pre-election bribe – and his remarks about a "sensible" Budget will reinforce that view – it might be better to scrub the Budget. One

scenario being considered around the tearooms is for him to offer the hint of good times to come and go to the polls with the promise of a giveaway Budget. Voters may smell a rat, but, set

against Mr Brown's rather modest alternatives, it might seem a reasonable bet.

Backbenchers also fear John Major's government is accident-prone and may not survive the winter without other unexpected mishaps to his majority. Better to go early, some say, than forced to go in the cold winter. But Mr Major is determined to go on until May next year. He has stout backing for the "play it long" policy of Brian Mawhinney, the party chairman, and the Chancellor, and probably the whole Cabinet. But there is a Doomsday scenario being talked about by some of Mr Major's closest friends. They are in fatalistic mood: if they are going to lose anyway, why not go out with a bang by cutting income tax by 3p in the pound?

That would leave Mr Brown to clear up the mess, and every chance that a Blair government with a tiny majority could be out of office in 18 months. The danger, they fear, is that by being prudent, the Chancellor will hand Mr Blair the golden scenario of sustainable growth, with which he could go back to the country.

## QUICKLY

## ajor threatened to

go to the Conservative whip – pulling out John Major's Commons majority – in protest at the deal that has been struck between the British and Irish governments for Ulster peace talks.

Page 2

## Untold riches

Some of the poorest and most disabled people in the country may have died being owed £10,000 or more by the DSS because of the department's failure to identify them. Page 4

## Ecstasy at home

The price of ecstasy has dropped to as little as £5 a tablet, helping create a new breed of habitual drug-takers who shun nightclubs and get high at home instead. Page 3

## US takes on the 'cyber-terrorists'

DAVID USBORNE  
New York  
and CHARLES ARTHUR

So many hackers are using the Internet to try to break into sensitive American military and civil systems that the US government is about to create an expert team to counter "cyber-terrorism".

The move follows revelations that last year there were 250,000 attempted intrusions into the Pentagon's systems via the global computer network – more than double the number detected in 1994. Roughly 160,000 of the attempts are thought to have succeeded, though the US government has put no value on any damage.

Specialists testifying before

recently targeted by Russian hackers who were allegedly able to break into its internal network and divert funds to an account they had set up abroad. A court case is pending.

The US Attorney-General, Janet Reno, has proposed the creation of a team to investigate assaults on national security via the Internet, and to act as an emergency response unit when they occur. Likely to be unveiled this summer, it would be called the Cyber Security Assurance Group.

The US government's greatest concern, however, is that terrorists or even hostile states could cripple communications networks that are vital to the running of the national infrastructure. Ironically, the Inter-

net was developed to guarantee exactly that sort of infrastructure in the event of an atomic strike by the Soviet Union. Instead, it might now turn out to be the architect of disaster.

Possible targets could be financial networks, including those of the main banks and the Wall Street trading floors, air traffic control computers, the power grids and the systems at the centre of national defence.

The risk has already been

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WINNER BY A HEAD

WINNER BY A NECK

WINNER BY A HEAD

## news

## Order in the House, and other calls for discipline

If there is an S&M tendency in the House of Commons, it ought to flock to Home Office questions and give itself a thrill. Since Labour "came out" as a law-and-order party, the competition has been fierce to see which side of the Chamber contains the greater number of leather-clad discipline lovers. Can Spanker Blair and Curfew Jack give more satisfaction than the hangers and floggers on the beaches opposite?

Probably not, was the verdict after yesterday's exchanges. It was, after all, revealing that the Tory response to Tony's admission that he had - with regret - smacked his children, was to compare this with Bill Clinton's famous encounter with mari-



DAVID AARONOVITCH

just accepted the fawning congratulations of Matthew Carrington (Con, Fulham) on the tens of millions spent on new police stations in his constituency. Mistaking Mr Howard's look of feline self-satisfaction for good humour, Mr Banks asked gently whether there might not also be some extra resources for London police officers policing Euro '96. All of a sudden Mr Howard, in his mind's eye, was transported from the desert island on which maidens were feeding him pineapples and beef, to find himself in front of an Old Bailey jury, prosecuting a serial child killer. Typical Labour! he thundered, waving an accusing digit at the cowering Banks - al-

ways demanding extra for this and extra for that, while opposing every effort the Government made to bring criminals to justice. How could anybody trust them? Saliva rained down on the Dispatch Box. "What did I say?" asked the genuinely puzzled member for Newham.

Much the same happened when Mr Howard's formidable No 2, Anne Widdecombe, was asked a question about prisons. Ms Widdecombe, as we know, hasn't any children to hit (though one feels that she would be entirely comfortable smacking other people's). In a voice that could be heard the length of four hockey pitches (and a dress that could be seen

for eight), she set about the outrageous suggestion made by Greville Janner (Lab, Leicester West) that the Government was presiding over prison overcrowding. It was, she bellowed, all the fault of the previous Labour government, which hadn't built the number of prisons it should have. Realised Mr Howard and herself were eventually going to need.

Enter David Evans (Con, Welwyn & Hatfield). "The British people", he yelled, "are sick of immigrants who are nipping and tucking everying." He advocated that such immigrants should pay taxes for five years before they or their children were allowed to use the education or health services.

## SIGNIFICANT SHORTS

Now Blair is to signal that mixed ability teaching will come to the end of the road under a Labour government in a speech at an Conservative comprehensive school today. The Labour leader is expected to say that comprehensive schools are not working as well as they should be because they do not do enough to take account of pupils' differing needs and talents. He will underline the Labour Party's commitment to teaching children in sets for different subjects divided by ability, and declare that Labour is a meritocratic party which wants to bring out the best in individual children.

Blair is seeking to take a middle position between the Conservative Party's plans to increase selection and Labour's traditional attachment to uniform comprehensive education. He will tell Didcot Girls' School that John Major's plan to have a "grammar school in every town" is a waste of money which would prevent at most one child in 20, and "a dangerous distraction from the crucial issue of raising standards for all children". But he will also mount a strong attack on the stats quo in some schools, most of which have a fully comprehensive intake, saying: "If one believes, as we do, in social justice, there can be no greater social injustice than giving a child a bad education". John Rentoul

Cancer experts are to investigate a rare leukaemia cluster in Cornwall where eight years ago water supplies to 20,000 people were contaminated when 20 tons of aluminium sulphate were poured into a tank at a water-treatment centre. Members of the local community believe the contamination is to blame for three children developing leukaemia. A boy, 14, died in January, and a girl, 13, and another 16-year-old boy are receiving chemotherapy treatment for the disease. They are all in the same tank group at St James Smith's Secondary School.

The Cornwall and Isles of Scilly Health Authority last month announced an independent inquiry into the cases, and leading oncologists attended a meeting yesterday with 100 parents, pupils and staff to report on their preliminary findings. Professor Ray Cartwright, director of the National Research Fund and Professor of Epidemiology at Bristol University, who is leading the specialist team, said: "We are continuing the worldwide investigation into cancers which are related to possible satisfactory explanations. We said they would release several lines of investigation, including the contamination incident". *IE Brown*

The Hillsborough report into sexual and physical abuse at children's homes in Clwyd may now never be published. The Secretary of State for Wales, William Hague, last night denounced the saga of the report as "a botched exercise which has raised more doubts than it has resolved". He yesterday came under increased pressure to hold a judicial inquiry into affairs when five councils who took over from Clwyd in local government reorganisation said it was the only way forward and offered to help with the inquiry.

The report by John Hillsborough, former Derbyshire director of social services, linked the deaths of 12 young men to their time in care and recommended a judicial inquiry. It is claimed the report could be libellous and Mr Hague had told the councils yesterday said: "We restated our belief that we cannot urgently publish an edited version of the Hillsborough report which would restore public confidence in the many concerns that have been raised". Roger Dobson

Post peace campaigners yesterday handed 10,000 signatures to the families of the two men killed in the IRA bomb in Docklands, east London, to reinforce the campaign for the renewal of the ceasefire. "It was a genuine outpouring of the sense of outrage and anger that the Irish people felt at the time," said Chris Hudson, chairman of the Irish Peace Train which is leading this mass campaign for the restoration of the IRA ceasefire. The campaigners oppose any attempt by Sinn Fein to be included in the cross-party talks on Monday unless the IRA has restored the ceasefire. The signatures were collected at a series of peace rallies, attended by 60,000 supporters in Ireland to protest at the IRA's ending of the ceasefire with the bombing last February, which killed newsmen Ivan and Jim Flanagan and John Jeffries. *Colin Brown*

An inquiry into how a bogus nurse obtained work five times in a Manchester hospital was launched yesterday. The woman worked on a geriatric ward at the Hope Hospital in Salford earlier this year, fooling a ward sister by arriving dressed in the uniform of an enrolled nurse. The deception came to light after her six-year-old son was taken to Bolton General Hospital in a coma after being given an overdose of insulin. He has since fully recovered.

Police released the mother and her boyfriend on bail last week after questioning them both about the boy's coma. They are understood to have considered the possibility that the mother suffered from Munchausen's syndrome by proxy, in which a carer induces illness in a child in order to draw attention to him or herself. Bill Sang, Salford Royal Hospitals Trust chief executive, said the trust was concerned about how staff had been tricked, but there was no suggestion the woman had tried to harm any patients. The hospital was also the subject of a report published yesterday by the Health Service Ombudsman who referred to the "unprecedented" amount of complaints he had received about it over the last two years. *Glenda Cooper*

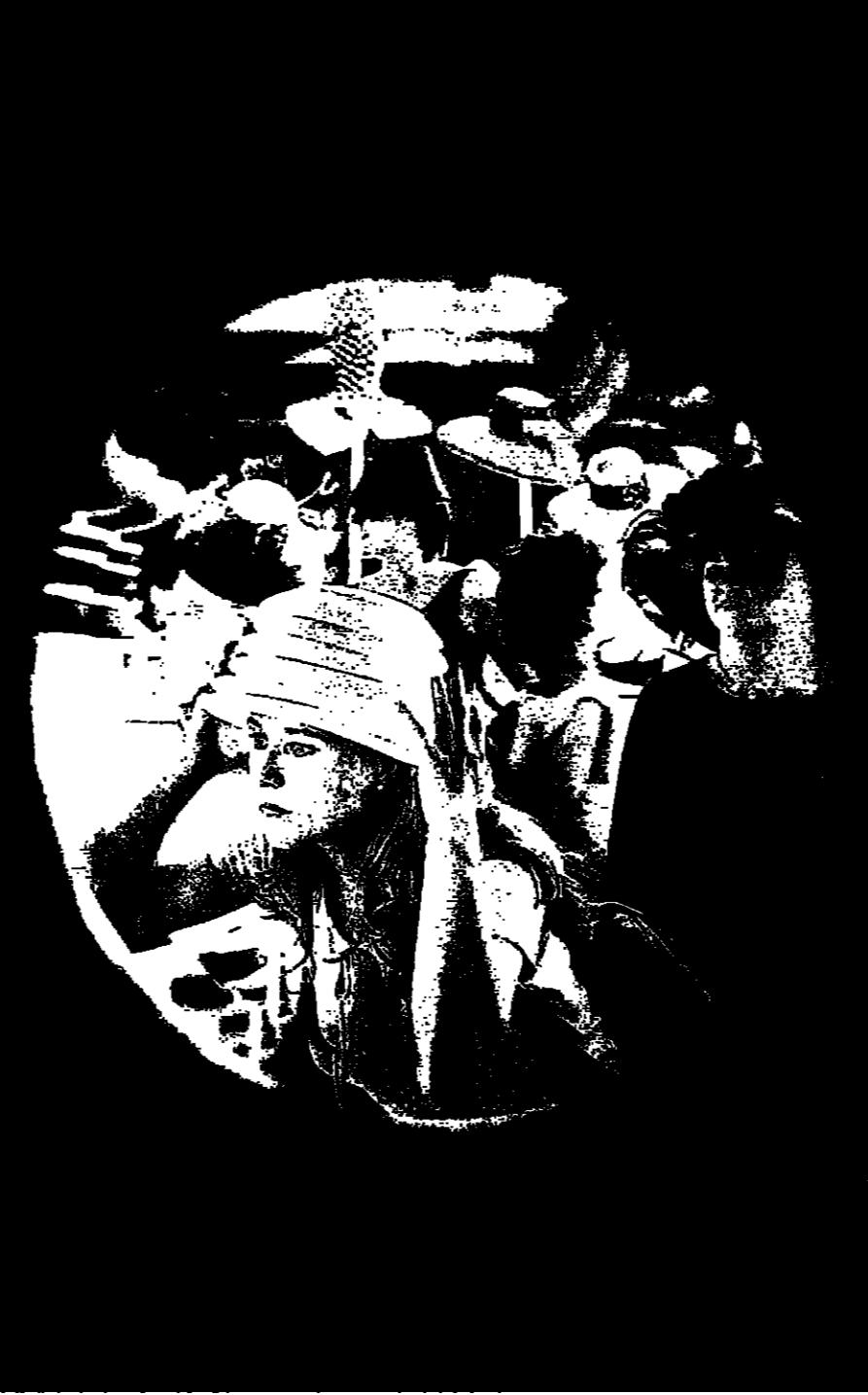
Freemasons on the Isle of Wight have been cleared of corruption by an inquiry. The Local Government Ombudsman said yesterday he had found no evidence that masons had formed a group on Medina Borough Council to influence planning decisions. The investigation followed the resignation of Alber Annett as council planning chairman and from the Tory party because he said he could no longer take the pressure from an alleged masonic cabal. A row had blown up over a council decision to develop 10 acres of open space next to a housing estate in the north-east of the island. A local residents' group brought a formal complaint, claiming the masons were masons and the property developer also had ties with the secret society. In a rare move, the United Grand Lodge of England, the masons' ruling body, confirmed to the Ombudsman, Jerry White, that three of the five councillors at the centre of the allegations and the agent for the property developer were masons. *Chris Blackhurst*

Surgery which aims to reduce the risk of stroke may have no benefit and could even harm some patients, according to new research. The operation to treat blocked neck arteries which supply the brain, is widely used in the United States, and is being promoted by some surgeons in Britain. However, a European study of 1,599 patients in 15 countries, with moderate blockage of the arteries, found that the operation, known as endarterectomy, itself carries the risk of stroke or even death. Stroke-free life expectancy was shorter in those patients who underwent surgery, and "a rather higher proportion of strokes were disabling in the surgically treated patients (42 per cent) than in those randomised to avoid surgery", a report in tomorrow's issue of the *Lancet* medical journal says. *Glenda Cooper*

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Head start: A visitor to a Chelsea Festival milliners' extravaganza at the Old Town Hall, Chelsea, tries on one of the creations yesterday

Photograph: David Sandison

COLIN BROWN  
Chief Political Correspondent

A ministerial aide last night threatened to resign over the Conservative whip, wiping out John Major's Commons majority, in protest at the deal struck between the British and Irish governments over the peace talks in Ulster on Monday.

The threat to resign by Terry Dicks, a parliamentary aide to John Watts, the Transport minister, overshadowed the unveiling of the plans.

They were hailed by Dick Spring, the Irish Foreign Minister, as the best chance of peace which the two governments could have offered.

The decision to give the former US Senator George Mitchell a central role as chairman of the plenary session and the talks on decommissioning provoked an angry response from Mr Dicks, a committed unionist Tory MP, and from Ulster Unionists.

The details were agreed after exhaustive negotiations lasting three days between the two governments in London, while Mary Robinson, was on the first official visit by an Irish President to Britain.

The Irish had pressed for Mr Mitchell to chair the delicate "strand two" negotiations between the parties on Northern-South relations between Ulster and the Republic.

But David Trimble, the Ulster Unionist leader, said: "If there is any attempt to give him the

powers of a supremo, they will have another think coming."

The deal was held up because of a dispute over the overall control of Mr Mitchell. Dublin sees his presence as an important guarantee to Sinn Fein of American influence on the progress of the talks.

The Irish negotiators were forced to accept a compromise to allow the "strand two" talks to be chaired by a Canadian, General de Chastelain, who was also a member of the Mitchell commission on the decommissioning of the IRA's weapons.

However, last night members of the Irish team privately expressed satisfaction that Mr Mitchell will play the over-arching role, disowning the Ulster Unionists to protest.

Sinn Fein will not be admitted to the talks, beginning on Monday, because the IRA has refused to restore the ceasefire. But Mr Spring urged the IRA to think again about their warnings this week that a ceasefire was extremely remote. He made it clear the door would be left open to Sinn Fein as soon as a ceasefire is announced.

"It's the best chance in my lifetime," Mr Spring said.

"It is crucial in terms of the decommissioning question that Sinn Fein is at that phase of the discussions. It is unlikely others will engage in meaningful discussions on the decommissioning in their absence."

"It is our hope they would be able to be at the talks sooner rather than later. It is incumbent

upon Sinn Fein and IRA to make the decisions that are necessary."

The rules for the talks require a review of progress on decommissioning and other issues by the end of September. But Mr Spring left open the possibility that there could be a further delay if Sinn Fein enters the talks late.

Senator Mitchell will chair the plenary session and the subcommittee on decommissioning. General de Chastelain will also chair a business committee. The agenda for the opening session will start with a requirement that all the parties declare their support for the Mitchell report, disowning violence.

Mr Major and his Irish counterpart, John Bruton, will personally launch the historic all-party Northern Ireland talks on Monday, after finally clinching a deal on procedures for the negotiations.

The British government will chair "strand one" of the negotiations, which deals with internal Northern Ireland matters. The British and Irish governments will jointly chair "strand three", which covers relations between the two countries.

Senator Mitchell will be able to convene further meetings of the plenary session as he considers necessary. He also has powers to try to break through an impasse if there is no consensus, by offering his own solution.

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Drug-taking: As prices plummet pill-popping has become an everyday activity in the comfort of home

# Ecstasy enters the front room

JASON BENNETTO  
Crime Correspondent

The price of ecstasy has dropped to as little as £5 a tablet which is helping create a new breed of habitual drug takers who have shunned night clubs and get high at home instead.

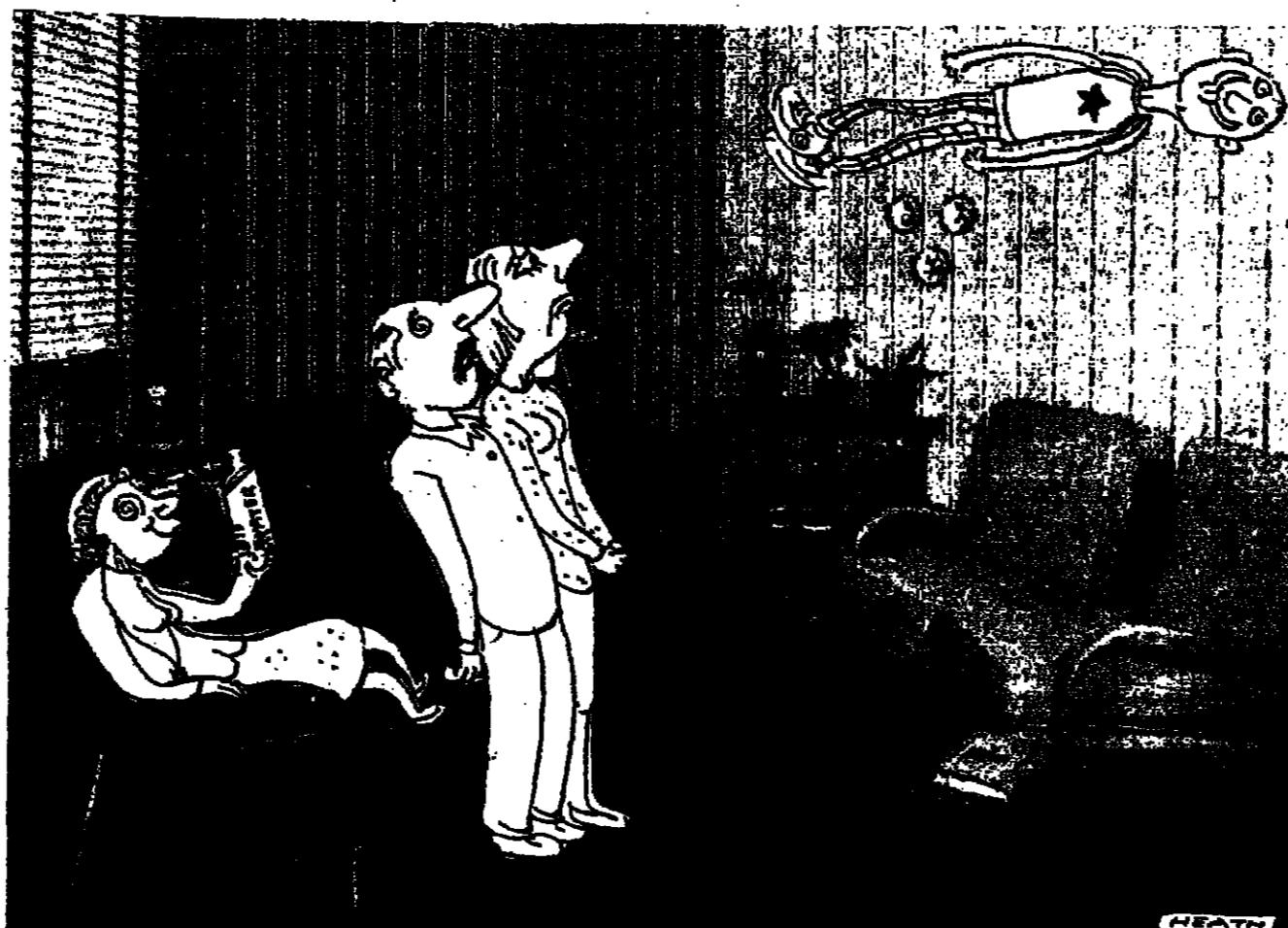
The stamp in the cost of the drug has been caused by dealers flooding the market with high quality tablets from Europe, particularly Holland. Drug agencies have noticed that because of the easy availability and low cost of ecstasy an increasing number of people appear to be taking tablets during the week rather than reserving them for dance clubs at their front room.

Teenagers as young as 13 and 14 who cannot afford or are unable to get into night clubs are among the new group of "couch potato" home users. Older takers of ecstasy – people in their 30s and 40s – tired of the club scene are also popping pills with friends in their front room.

Ecstasy prices have been dropping ever since it was first introduced into the rave dance scene in Britain in the late 1980s. From an average street price of £20 a tablet in 1991 it has fallen to £15 in 1992/93, £12 in 1994, £10 in 1995, and £8 this year, according to the Manchester based drugs agency Lifeline. When bought in batches of 10 the each tablet can cost as little as £5 each, although usually they cost a few pounds more.

Mike Linnell of Lifeline said: "People are no longer waiting for the weekends, they are taking an E before they settle down to Brookside."

"The ritual of taking them at



"Your mother wants to know if you're coming down for tea, son?"

raves has gone now. People don't see them as anything special anymore.

"If you're paying as little as £5 for a tablet it's far cheaper than alcohol to get out of your mind."

He added: "There's more of it about – there's a big market – and dealers have such an easy time they can afford to drop the prices."

Drug users have reported that there is more pure ecstasy –

MDMA – available now. Previously the tablets were often badly made or were mixed with other drugs and had little or a bad effect on the drug taker.

Recent research by Lifeline

and a music magazine found that it was not unusual for people to be taking 100 to 200 tablets a year, or four every week.

Between 500,000 and 1 million people are believed to take ecstasy

## A big business that took off on the dance floor

Ecstasy is big business, not just for drug dealers, but also authors, T-shirt manufacturers, record producers and night-club owners, writes Jason Benetto. The culture that has sprung up around the drug since it hit the British dance scene in the late 1980s has been skillfully mastered to become a multi-million pound industry.

Witness the success of the new novel *Ecstasy* by Irvine Welsh, author of the cult book *Trainspotting*, latterly a film. Despite poor reviews, it is in the number-one spot in the paperback fiction best-seller list after selling 15,000 copies in its first week.

There has also been a rash of books about ecstasy which include tips on how to get the best out of your drugs. Added to that are the numerous records aimed at the ecstasy rave and dance market.

MDMA was invented in 1972 by Merck, a German company, but no medical or commercial uses were found for it, although in 1953



Cover story: Irvine Welsh's trip into the world of ecstasy

the US Army tested it to see whether it could be used to disorientate enemy troops.

In the mid-Sixties its psychedelic effects were recognised and Adam, as it was then called, became popular with students as a

"love drug". Once it became popular among the general population it was banned in the USA in 1985. British dance clubs adopted it in 1988, spawning the worldwide rave culture, which involved trance dancing at mass outdoor events.

Despite the decline in the popularity of raves, prompted by laws to outlaw mass gatherings, taking ecstasy has become an established part of life for thousands of people in Britain.

Its influence is particularly acute in the music, clothes and lifestyle of young club-goers.

There is also an important, less visible market of drug-takers who are looking for cheap, readily available and relatively safe narcotics to take at home with friends. With falling prices and more reliable quality, this is likely to be a boom area, something which dealers are exploiting.

It made me tired and listless for ages afterwards, and it can destroy

your free time because you don't have energy to do anything else."

Ian, a 19-year-old student from Islington, north London, thought ecstasy was enjoyable but overrated. "I've had it a couple of times at clubs to get me in the mood for

the music washing over you."

"The trips can vary though and sometimes it just makes you want to dance. It's good because you don't get any horrible side effects."

All three agreed that ecstasy experiences depended upon where they got the drug from. Kelly said: "I bought mine in a club which may have explained why it was bad."

Greg and Ian both said that the best place to get the drug was from friends.

But despite the caution there are no signs of a drop in the popularity of the drug. Greg said: "It's

so popular now and it will remain so until either the music changes or another drug becomes more fashionable."

JOHN REVILL

For Kelly, a 24-year-old from north London, the highs she used to get from ecstasy are no longer worth the risk.

"You don't know what you're getting these days ... I could be dead," she said.

Her fears over the declining quality of the drug on sale in clubs and the recent deaths of some young people, including Leah Betts, reflect a growing sense of caution among many ecstasy users.

But Kelly, a housing association worker, has decided not to take any more chances and no longer takes the drug. "I didn't have a bad trip as such, but the after effects just don't make it worth it any more. You don't get depressed like on LSD but your kidneys and back ache for days afterwards."

"It made me tired and listless for ages afterwards, and it can destroy

## Dangers fail to halt rise of drug's growing popularity



Leah Betts: More caution among users since her death

it. It was OK for a few hours but the comedown was not at all enjoyable."

It was endorsed more enthusiastically by Greg, 27, a book-seller from Clapham, south London: "I had my first trip in 1990 and it was brilliant. You feel euphoric and can almost feel the music washing over you."

"The trips can vary though and sometimes it just makes you want to dance. It's good because you don't get any horrible side effects."

All three agreed that ecstasy experiences depended upon where they got the drug from. Kelly said: "I bought mine in a club which may have explained why it was bad."

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so popular now and it will remain so until either the music changes or another drug becomes more fashionable."

Pre-pack cups alter image of eucharist

ANDREW BROWN  
Religious Affairs Correspondent

Take, eat, for this is my body ... hygienically wrapped in individual portion-sized, trademarked plastic cups. An American company could make a fortune distributing pre-packaged communion sets, containing wine and individual wafers sealed in transparent containers, rather like those with individual portions of butter or jam in hotels.

English Christians reacted with incredulity yesterday to the news that the Compak Corporation, of Chicago, is already selling 25 million sets a month of their "celebration cups".

"I think it's disgusting, but I can't say why," said the Archdeacon of York, the Venable George Austin, one of the Church of England's leading traditionalists.

Jim Johnson, the president of Compak, said: "I think this is more reverent than ordinary means, since the Bible endorses cleanliness."



Referring to the occasion on which Jesus fed a crowd by the miraculous multiplication of loaves and fishes, Mr Johnson added: "Just look at the feeding of the 5,000: that had to be fast food, so we're in good company."

However, the eucharist commemorates a different meal, the Last Supper, when Jesus "took the bread and broke it" – impossible when both bread and wine come pre-packaged in individual portions.

Monsignor Kieron Conry, a spokesman for the Catholic Media Office, said: "The eucharist is an action, not a thing; and it is a community celebration, not a personal one. This packaging makes that impossible."

Mr Johnson, however, remains sanguine. "There's been an incredible response so far, but there are 2.2 billion Christians in the world, so we have only just scratched the surface," he told the *Church Times*.

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## news

# Dismay at disabled 'cheated' of £10,000

NICHOLAS TIMMINS and CHRIS BLACKHURST

Some of the poorest people in the country may have died being owed £10,000 or more by the Department of Social Security.

The blunder was the result of the department's failure to identify them, the Commons Public Accounts Committee said yesterday.

The committee made a damning attack on the department's inaction over fraud, inability to predict and control its budget and levels of underpayment and overpayment of benefit. It said it was "dismayed" that some of those entitled to a severe-disability premium might have died before receiving awards worth up to £12,500.

An error dating back to 1988, in which officials failed to identify those entitled to benefits - although they were on other disability benefits - led to 24,000 people losing £90m.

The department discovered the error in 1992. The committee says it is "quite unacceptable" that it then took three years to rectify the errors. Past dormant claims still have to be examined to see if they are entitled to the cash.

Alan Williams, a Labour member of the committee, said people had died in poverty when large sums were owed to them. To deprive them of their money, he said, was "sordid and singularly despicable". Mr Williams said: "Ministers have deprived the poorest people in Britain of about £200m".

He cited a parliamentary answer from the DSS that there are no plans to take any specific steps in respect of customers now deceased" as regrettable. Mr Williams said the department was under a duty to rectify the mistake, whether the claimant was alive, or had since died. Their carers should be entitled to the cash, he said.

The committee also attacked the department of Peter Lilley, the Secretary of State for Social Security, for overspending for the third year running. It said it was "dismayed" at the errors in the level of income-support payments. Errors totalled £848m, more than 5 per cent of the amount spent on income support. This "extraordinarily high" figure includes £546m in overpayments and £183m in underpayments.

The committee warns the department that the "step change" in efficiency it is seeking "must not put accuracy at risk or lead to even worse error rates".

One computer error has led to more than £2.25m in overpayments being lost, because the department had no right to claim the money back.

The MPs are "deeply concerned" that the level of fraud, an estimated £1.4bn on income support alone, is so high.

The department should accelerate its programme to establish the level of fraud in other areas. The committee made its criticisms the day after Mr Lilley had turned down the recommendations of the Social Security Committee for tightening up housing-benefit fraud. *[Nineteenth Report of Committee of Public Accounts, Session 1995-6, HMSO £10.60]*

■ Health service reforms have made it more difficult for some children with rare illnesses to get the right treatment, it was claimed yesterday, writes Louise Jury.

Although many health authorities pay to refer patients to a centre of excellence, some parents have to fight for their child to see the appropriate expert. The problems of finding the right medical specialist were raised by the family support charity, Contact a Family, as it launched an awareness week for those affected by rare diseases.



Full monty: British and French veterans of the D-Day landings in Normandy watching as Prince Michael of Kent unveils a statue of Field Marshal Montgomery at Colleville-Montgomery in France

Photograph: Peter Macdiarmid

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## Newbury contractor risks protesters' fury

CHRISTIAN WOLMAR  
Transport Correspondent

It seems like the road contract from hell. But Costain, the engineering and building company, is prepared to endure the wrath of protesters to gain its biggest-ever roads contract, the £73.8m Newbury by-pass.

Within minutes of the announcement in Parliament that Costain had won the contract, 25 protesters blocked the offices of the company in nearby Maidenhead.

Several demonstrators scaled the roof and unfurled banners saying "save the snail" and "(e)co stain".

Alan Lovell, Costain Civil Engineering's managing director, has already had demonstrators with banners on the lawn of his house near Winchester two weeks ago, when his company emerged as the favourite to carry out the work.

Mr Lovell said that special precautions in line with advice from the police and the Highways Agency would be taken to protect the site of the 13.5km dual carriageway by-pass during construction, which is due to start within a few weeks.

Friends of the Earth suspect Costain won the contract because several of the other five shortlisted firms deliberately put in high tenders, in order to avoid battles with the protesters.

Mr Lovell highlighted Costain's environmental record, which he said had won the company an award for a Lyme Regis coastal protection project, though such reassurances are not likely to have an impact on the protesters.

They feel that they have been given an important boost because John Watts, the roads minister, yesterday accepted that the two sites of a rare snail, Desmoulin's whorl snail, which are on the route, have "acknowledged conservation value". He proposed to move the habitats to larger sites. But yesterday, Friends of the Earth immediately threatened legal action over the snails.

Charles Secrett, director of Friends of the Earth, said that it would seek a judicial review of the decision.

"We have a strong case because there was no proper assessment of the impact of the road and the scheme ignores the European Union's Habitats Directive," he said.

The Government has long argued that the by-pass is necessary because 50,000 vehicles per day use the A34 through the town. But Mr Secrett said that alternatives such as improvements to the existing roads, more bus lanes and more use of the local rail line for freight were not properly considered.

■ As part of Green Transport Week, the Royal Society for Protection of Birds called for a moratorium on road building on the nation's most important wildlife habitats. It said that 60 valuable sites were threatened by road schemes.

## Health service waiting times 'may lengthen'

NICHOLAS TIMMINS  
Public Policy Editor

The National Health Service is facing its toughest time financially for years with the possibility that some waiting times will lengthen. Alan Langlands, chief executive of the NHS, warned yesterday.

And while he said that the health service was far better placed to cope than in the winter of 1987 - the occasion of the last great NHS financial crisis when 4,000 beds shut forcing the Government into its NHS review - he told NHS managers that "difficult choices will have to be made" in the year ahead.

Money is so tight that new targets for cutting waiting times have been set for next year. The NHS was told formally told for the first time yesterday that meeting the demand for emergency care is its "first responsibility". While Mr Langlands said he did not think it was "inevitable at all" that waiting times would lengthen, they would "vary in different places".

Managers and the NHS executive, however, "will want to hold on to the hard won achievements of the past few years. We don't want to lose ground", he said at the launch of next year's

NHS planning guidance at the annual conference of the Institute of Health Services Management in Birmingham.

"We are facing the toughest year we have faced for a long time," he said. Between 1990 and 1993 the NHS had enjoyed substantial growth as the NHS reforms were introduced. Settlements in the past two years had been less generous, but the service had gained from lower than expected inflation. This year growth was only 1.1 per cent in the face of rising emergency demands, a still ageing population and other pressures. It would be both "tight" and "tough", he said.

"There is much less room for manoeuvre than we would like," he added, warning that there were "no quick fixes" and "no hidden pot of gold" available.

He promised support, however, for managers "who have to pace developments and make the sort of trade-offs between competing priorities which may be required in some places".

Managers and the NHS executive, however, "will want to hold on to the hard won achievements of the past few years. We don't want to lose ground", he said at the launch of next year's

### DAILY POEM

#### Something Else

By Paul Muldoon

When your lobster was lifted out of the tank to be weighed

I thought of woad, of maddens, of fugitive, indigo inks,

of how Nerval

was given to promenade a lobster on a gossamer thread,

how, when a decent interval,

had passed

(son front rouge encor du baiser de la reine) and his toques of Adrienne

proved false, he hanged himself from a lamp-post with a length of chain, which made me think of something else, then something else again.

Paul Muldoon was born in Co Armagh in 1951. He was still at Queen's University, Belfast, when Faber published his first collection of poems in 1972. His most recent collection, *The Annals of Chile* (1994), won the T S Eliot Memorial Prize. This poem, which first appeared in *Meeting the British* (1987), is taken from *New Selected Poems 1968-1994* (Faber, £7.99). Paul Muldoon will be giving a public reading at the Poetry Cafe, 22 Betterton Street, London WC2 on Tuesday 11 June at 7.30pm.

# Draft notebook holds untraced Spender poems

MARIANNE MACDONALD

A canvas notebook containing three apparently unpublished poems by Stephen Spender, one of the century's most famous poets, is certain to cause much excitement among scholars and collectors when it is auctioned this month.

Sir Stephen Spender died last July, an event many saw as marking the end of an era for that Cambridge group of friends and poets who gained such fame in the Thirties: Auden, Isherwood, Day-Lewis and MacNeice.

His autographed poetical notebook from the Thirties, which is to be sold by Sotheby's on 28 June, is called "POEMS, July 1939" and signed "Stephen Spender". It is labelled by the poet as "Fair Copy of Poems, from July 20 1939", but the 55-page book (two leaves were cut out by Spender) is in fact a collection of late drafts and includes *To the Shades, She Came to the River* and another untitled poem, none of which are thought to have been published.

Spender's first collection of poetry, simply entitled *Poems*, was published to huge acclaim in 1933. But many thought his finest work was to be found in his wartime volumes, *Ruins and Visions* (1941) and *Poems of Dedication* (1946).

But in the final version the poem starts: "Then the meals are brought in and I ask for what? For what am I waiting?" Peter Sellek, the English literature expert at Sotheby's, which is to sell the book for an estimated £3,000 to £5,000, said: "Spender still made quite extensive corrections in it, and there are three poems which have not been traced. It will have great appeal for collectors."

The sale also offers another Spender rarity: the corrected galley proofs – estimated at up to £500 – of *The Struggle of the Moderns*, originally entitled *The Battle of the Moderns*.

*The Vase of Tears*

Years passing from the face of time,  
Angel from the heat, in happiness,  
From some desire where you sleep/awake  
— Let me lay your eyes with these kisses.  
I know what comfort of ordinariness  
I can, my light upon your night alone:  
And then we smile with carelessness.

Work in progress: A late draft of Spender's 'The Vase of Tears' from the poetical notebook up for auction

ELIZABETH NASH

Madrid

A new director, Fernando Checa, has taken charge of Spain's Prado museum, one of the world's finest art collections, with a promise to bring order to its shambolic internal organisation.

He is the fifth director in six years and the eighth since the dictator Franco died 21 years ago. This staggering tally will no doubt prompt many of the thousands of Britons due to visit Madrid's top tourist attraction this summer to wonder what has been going on.

The museum, which contains the world's most extensive collection of masterpieces by Goya, Velazquez and El Greco, has been beset by a succession of intrigues, incompetence and backstabbing that has led it to the point of crisis.

In the latest and most grotesque blunder, last March, Mr Checa's predecessor, Jose Maria Luzon, wrongly hailed as a newly discovered Goya's painting that was registered as the work of a lesser contemporary.

The scandal swept Mr Luzon out of office, and revealed the damage caused by treating the museum as a political football. Mr Luzon, an archaeologist with no special knowledge of Goya, is considered to have been a grey placeman for the previous Socialist government.

A previous director, Felipe Vicente Garin, resigned in disgrace after rainwater had been found dripping into the room housing Velazquez masterpieces. Another, Alfonso Perez

Sanchez, was sacked for signing a declaration against Spain's participation in the Gulf war. Yet another, Francisco Calvo Serraller, had to go when his wife was found to have set up a photo-feature on designer chairs in a style magazine that used the Prado's principal rooms as a backdrop.

None of the past five directors has been a qualified curator, a situation inconceivable in any comparable museum in Europe.

The appointment last month of the art historian Mr Checa, 44, a specialist in the 16th- and 17th-century royal collections that form the heart of the museum, coincides with a radical management shake-up. He will be relieved of many bureaucratic duties that weighed upon his predecessors, and he centralises in his own hands powers that had been dispersed and had created bitter struggles among rival mini-empires.

Mr Checa told the Spanish press that curating would be a priority, and promised to increase the number of curators from six to 11.

The Prado has always had few curators by international standards: for many years it had none for Spanish art, its strongest suit.

Cataloguing the collection is another priority: amazingly, the first full catalogue in the museum's 177-year history was published only last month.

He will also concentrate on restoring and rearranging the collection, nine-tenths of which is stored in vaults.

Mr Checa plans no more big set-piece exhibitions such as the present Goya blockbuster marking the 250th anniversary of the artist's birth, and the 1992 Velazquez exhibition. These are a hit with the public, but have been criticised in the art world as rip-offs.

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Many poems in the canvas notebook ended up in those two collections. One was *The Vase of Tears*, which clearly gave Spender a great deal of trouble; it is covered with deletions.

What a poet leaves out is often as interesting as what is left in, and here on one line Spender has tried out "bends", "stoops" and "arches" at the start of the phrase before settling for: "Knees over pearls of salt and water/And one by one these tears collects".

He also deleted the entire first stanza of his untitled, unpublished poem, which originally read: "Doing anything and everything is a drug/My pen is a bitter root of oblivion, my thoughts/funeralable" cover with pictures the abyss of waiting."

But in the final version the poem starts: "Then the meals are brought in and I ask for what? For what am I waiting?"

Peter Sellek, the English literature expert at Sotheby's, which is to sell the book for an estimated £3,000 to £5,000, said: "Spender still made quite extensive corrections in it, and there are three poems which have not been traced. It will have great appeal for collectors."

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Poet of passion: Jackie Cromarty, deputy exhibitions organiser for the Royal Museum of Scotland at the show opening today to mark 200 years since Robert Burns' death. She holds the manuscript of 'Ae Fond Kiss', written by Burns to his lover Clarinda in 1791. Photograph: Colin McPherson

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## news

Beef war: Britain's disruption campaign could affect Europe's political and trade relations with the rest of the world

# Blocking tactics hit Mid-East dialogue

SARAH HELM and DONALD MACINTYRE

Britain will next week pursue its beef war by blocking European Union dialogue with Syria, at a crucial moment in the Middle East peace process.

Faouq al-Sharwa, the Syrian foreign minister, will fly to Luxembourg on Tuesday, hoping that the EU will take a strong new role as interlocutor in the Middle East, following the election of the right-wing Likud government in Israel.

Instead, Mr al-Sharwa will be told, at a meeting of EU foreign ministers, that due to the crisis over so-called "mad cow disease", the EU cannot give a "common position" on the future of the Middle East.

Important meetings between the EU and Latin American leaders also look certain to be undermined. President Carlos Menem, of Argentina, and four Latin American foreign ministers, are flying to Luxembourg hoping to hear the EU's "common position" on a new political and economic dialogue.

However, fearing a British veto, the EU's Italian presidency has already decided that the meetings with the ministers will have no formal agenda. As a result, President Menem and the other Latin American leaders will return home without any firm conclusions on the next stage of their association.

Political and trade agreements with Canada and Algeria could also fall victim to British disruption next week.

Malcolm Rifkind, the Foreign Secretary, raised hopes on Wednesday that Britain might "de-escalate" its disruption campaign, when he announced that the Government would not hold up an EU agreement with Slovenia at next week's meeting. His announcement followed a strong warning from Jacques Santer, the European Commission President, that unless Britain stops its blocking tactics there could be no "framework" for lifting the beef ban.

However, the evidence in Brussels yesterday suggested

this concession was a "one off." Until now, Britain's blocking tactics have largely affected internal European policy-making. Next week, however, at the first meeting of EU foreign ministers since the crisis, Britain's disruption will affect Europe's relations with the rest of the world.

The British decision to make a concession over the EU-Slovenia agreement did not surprise European diplomats in Brussels yesterday. Britain has always supported strengthening EU ties with Slovenia as part of the long-term objective of enlarging the EU. Furthermore, by waiving the veto on the Slovenia question, Britain wins favour with the EU's Italian presidency, which wants to see the delayed deal finalised.

John Major yesterday gave the clearest indication yet he did not expect the EU to give a firm timetable for total lifting of the EU beef ban as ministers continued to talk up hopes of a deal with Britain's European partners before the Florence summit on 21 June. Mr Rifkind also continued to send out optimistic signals on the prospects for reaching a deal to end the beef crisis with the EU amid strong signs of Tory backbench opposition to any "sell out."

The Cabinet was told yesterday that 17 June - when EU foreign ministers gather in Rome for a pre-summit meeting - provided the best chance of securing a "framework" for lifting the EU beef ban.

The hopeful noises from Whitehall came despite a clear indication by President Jacques Chirac in talks with Mr Rifkind and Douglas Hogg, Minister of Agriculture, that he would prefer Britain to lift its policy of non-cooperation with EU business as a prelude to talks on promising the ban. But he promised that the new dossier on Britain's plans to eliminate BSE would be examined in detail.

But there were private warnings from some Euro-sceptic backbenchers yesterday that they would be deeply disinclined to support a fudge.



Raging bull: A stockman gets to grips with his own beef crisis at the South of England Show, West Sussex, yesterday. Photograph: Brian Harris

## Lamont's beef in character for Cook

STEPHEN GOODWIN  
Parliamentary Correspondent

Robin Cook had scarcely

coined his description of the

Conservative Party as "refash-

ning itself as an English

Nationalist Party" when up

handed Norman Lamont in the

Commons invoking the defeat

of Napoleon as a lesson for solv-

ing the beef crisis.

Mr Cook, in speech yesterday

to the Royal Institution of In-

ternational Affairs, had tried to

turn the debate on Europe to

how Britain would win the

peace after the current disrupt-

ion was over. But while

Labour's spokesman on foreign

affairs echoed the concerns of

the CBI about the risk to jobs

and the economy from non-co-

operation, Mr Lamont, the for-

mer Tory Chancellor, was

cheered by Euro-sceptics for an

Old Labour-style rant against a

captain of industry.

At a CBI gathering on

Wednesday, Niall Fitzgerald,

chairman designate of Unilever,

said that if the crisis continued,

it would harm trade with

Europe. But Mr Lamont, at

Question Time, recalled that

during the Napoleonic wars,

Samuel Whitbread was always

predicting defeat and urging the

Government to negotiate with

Napoleon. He told the Prime

Minister to "ignore the suc-

cessors to Samuel Whitbread in the

CBI who want to throw in the

towel ... and tell the chairman of

Unilever to stick to cream

cakes and detergents."

Mr Cook told the RIAA it was

by no means clear that the

Conservative government could

now find any other form of

relationship with Europe other

than confrontation. "We cur-

rently are witnessing the export

of Mrs Thatcher's style through

foreign policy, and it is doubtful

whether Conservative back-

benchers will now allow their

Government to revert to any

other style of diplomacy towards

Europe." It was vital that

Britain obtained a lifting of the

beef ban, but equally vital

that Britain then drew a line under

the confrontation of recent

weeks, Mr Cook said.

Labour's "qualified support"

for the Government's strategy

would continue, he said, but the

power of veto should not be ap-

plied "mindlessly" - action

against fraud and aid to devel-

oping countries should not have

been blocked - and nor should

ministers act for party advan-

tage. Mr Cook said social

democracy remained the largest

trend with within continental

politics. The Conservative Par-

ty of Macmillan and Heath

would have had no difficulty

with the consensual commit-

ment of the Europeans to social

cohesion, but the Tories today

looked to the New Right of

America for political inspira-

tion. "It is a winning arrange-

ment fostered by the American

proprietorship of the newspa-

pers which most avidly egg on

the hostility of the Euro-

phobes."

Labour was able to offer

Britain a more successful rela-

tionship with Europe because it

was at home with the European

social model, the shadow for-

eign secretary said. Enlarge-

ment of the EU was the

party's two first priorities.

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with concerns of people - deal-

ing with pollution, trans-

ferring power down to the

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## Karpov defence finally opens

WILLIAM HARTSTON  
Chess Correspondent

A year overdue, the 1995 Fide world chess championship match between Anatoly Karpov and Gata Kamsky started yesterday.

Not in New York, where Garry Kasparov, champion of the rival Professional Chess Association, successfully defended his title last year. Not in Montreal, where Fide had confidently expected the match to be held until the Canadians failed to come up with the money. Not even in Baghdad, which Fide designated as the official venue when Montreal fell through, but in Elista, a city roughly the size of Slough, that is the capital of the semi-autonomous sheep-rich state of Kalmykia in southern Russia.

Since Kasparov and the British player Nigel Short staged their dramatic breakaway from the International Chess Federation, Fide, in 1993, to form the PCA, the continuing schism within world chess has led to discontent among potential sponsors.

After one world title cycle with the PCA, the computer chip manufacturer Intel has ceased its support, while Fide, as this long-postponed event has shown, has had even greater problems.

At the beginning of this year Fide elected a new president, Kiran Ilumjnov, by all accounts one of the richest men in Russia, who would lead the organisation out of the intermittent crises that had dogged the organisation under its previous administration. Quite apart from his riches, his love of chess, and his obvious energy, Ilumjnov was a man of considerable influence, being himself a head of state – the state of Kalmykia.

And so the players have arrived in Kalmykia. Anatoly Karpov, 45, the undisputed world champion from 1975 until 1985, and the Fide champion since 1993, faces Gata Kamsky, 22, who defected eight years ago from the USSR to the United States.

The match will be over 20 games and is expected to last until the middle of next month.

## Cornish cancer cluster inquiry

LIZ HUNT

A team of cancer experts is to investigate a rare leukaemia cluster in Camelford, in Cornwall, where eight years ago water supplies to 20,000 people were contaminated with aluminium.

The doctors will try to reassure the local community that the contamination, linked with a wide range of health problems in the town, is not to blame for three teenagers in the same class developing leukaemia.

A 14-year-old boy died in January, and a 15-year-old girl and another 14-year-old boy are receiving chemotherapy for the disease. They are members of the same tutor group at St James' Smith's Secondary School, in Camelford.

The Cornwall and Isles of Scilly Health Authority last month promised an independent inquiry into the cases and four leading scientists attended a meeting with 100 parents, pupils and staff to report the results of preliminary inquiries. Dr David Miles, director of public health for the authority, said at the time that the cluster was "remarkably unusual".

Professor Ray Cartwright, director of the Leukaemia Research Fund and Professor of Epidemiology at Oxford University, told the meeting that the Camelford cluster was rare but not unique, and he warned that investigations into other clusters worldwide often failed to provide satisfactory explanations.

The inquiry team would be following several possible lines of investigation. Professor Cartwright said, one of which was the contamination incident in 1988, when 20 tons of aluminium sulphate were poured into the wrong tank at a water treatment centre.

Professor Cartwright said the team would review the substances which occurred in the water supply. "We do not think there is anything in the water which could cause leukaemia, but we will review it just in case."

He said the team would also study data on the health of the local population, which has been carefully monitored in the aftermath of the aluminium incident.

**Football hooliganism: Psychologists warn players' rowdiness and beef war raising antagonism**



Europia: Will the terraces go wild in an outburst of xenophobic xenophobia, or will Jacques Santier's plea for British fair play be heeded?

Photograph: Empics

## Euro 96 'heading for violence'

LIZ HUNT  
Health Editor

Reports that members of the England football team allegedly caused criminal damage on a Cathay Pacific jet might feed crowd violence at Euro 96 games, psychologists warned yesterday.

On the eve of Britain's most prestigious sports event for 30 years, the psychologists warned that, for a tiny minority, recent events – including the "beef war" with its anti-European overtones – would bolster their ideas of what it means to be British, with potentially disastrous consequences.

Their comments strengthen criticisms of the England team by Malcolm George, Assistant Chief Constable of Greater Manchester, who is charged with policing Euro 96.

The allegations of criminal damage on the Cathay Pacific

flight as the England players returned from a recent Far East tour "did not help" his role in heading off hooliganism, he said earlier this week.

Dr Stephen Reicher, a senior lecturer in psychology at Exeter University and a specialist in crowd behaviour, said yesterday: "We are going to war over beef semen... and there is one sector that will gain from the xenophobic and racist commentary it has produced."

The Cathay Pacific allegations would also "influence the mechanisms" of part of the football crowd, he said.

Dr Reicher also attacked coverage of the championship which, he said, had concentrated on the "hooligan perspective and invading hordes" who could wreck the event.

"To focus in an unbalanced way on the hooligan element is dangerous," he said. "It might alienate those [in the crowd]

who are against conflict and persuade them to side with those who are in conflict."

The perception of crowds as "mad mobs" where individuals lost all sense of identity and control was wrong, Dr Reicher said: being part of a crowd could serve to restrain individuals with violent tendencies.

Dr Gerry Finn, a reader in the department of educational studies at Strathclyde University who has researched football and football crowds, urged Euro 96 fans to adopt the "carnivalesque" style of support pioneered by supporters of Scotland after criticism of their less than frivolous behaviour in the early 1980s.

"Carnivalesque fans are inclusive in their approach to others and attempt to involve opposition fans and local residents in boisterous, friendly exchange," he said.

"Scottish fans are believed to

act as ambassadors for Scotland. It is important to recognise the potential for change amongst football fans."

■ Police yesterday arrested two suspected football hooligans as part of a continuing operation designed to prevent violence at Euro 96. The arrests followed the release by police on Tuesday of photographs depicting six suspects wanted in connection with violence at an Arsenal-Spurs game in April.

The men arrested yesterday were two of those pictured. They were detained in Urmston, east London, and in Chichester, West Sussex, and taken to Holloway police station in north London for questioning.

Another of the six men surrendered himself earlier in the week. The pictures were released as police arrested six people in dawn raids in Essex and north London.

Leading article, page 11



Bad example: Ranger Duncan Ferguson butting Ralf Rover John McStay in 1994  
Photograph: Craig Halkett

## TV rivals pitch bids to win Premier League rights

PATRICK TOOHER

Amid the peace and tranquillity of Coombe Abbey, a former Cistercian retreat outside Coventry dating back to the 11th century, some of the most formidable deal-makers in the land gathered yesterday to thrash out a new contract for the right to televise Premier League football.

Among the first to arrive at the pastoral setting was Alan

Sugar, founder of the electronics group Amstrad and chairman of Tottenham Hotspur Football Club. Mr Sugar turned up in a distinctive dark blue Rolls-Royce bearing the personalised number plate AMS 1.

Not to be outdone Sir John Hall, boss of Premier League runners-up Newcastle United, rolled up in a chauffeur-driven black Bentley bearing the equally memorable legend NUFC. But the highlight of the day came when the media moguls descended on the mediaeval manor.

In particular, attention centred on Sam Chisholm, chief executive of BSkyB, and his former colleague and former Sun editor Kelvin MacKenzie, chief negotiator for the rival Mirror/Carlton consortium. The two men have been on frosty terms since Mr MacKenzie's departure from BSkyB two years ago after rows described

by insiders as monumental. Yesterday the 20 Premier League chairmen assembled to discuss a new television contract that had the dubious pleasure of sitting through a one-hour "beauty parade" from both men as well as the third bidder, Lord Hollick of MAI. At stake is the biggest television contract in British sport.

The current five-year deal with BSkyB, which expires next year, was worth about £60m a

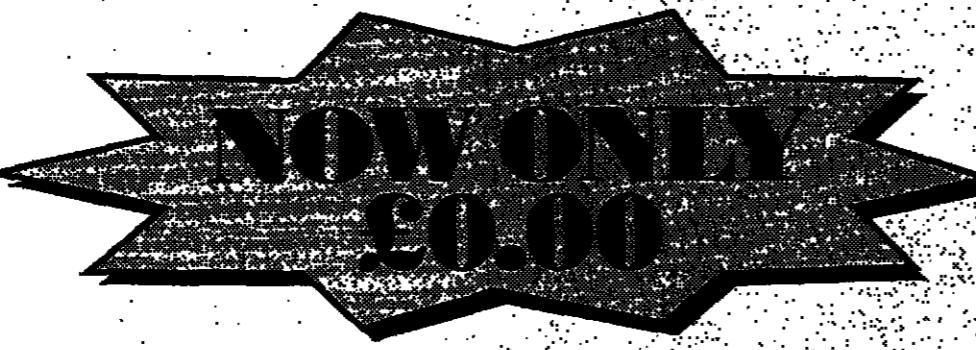
year to the Premier League. But the price tag for exclusive rights has been boosted to about three times that amount by the prospect of broadcasting matches on a pay-per-view basis in a few years.

Club chairmen and the Premier League were tight-lipped as the presentations continued, but it is believed that the three bidders have offered between £150m to £200m a year.

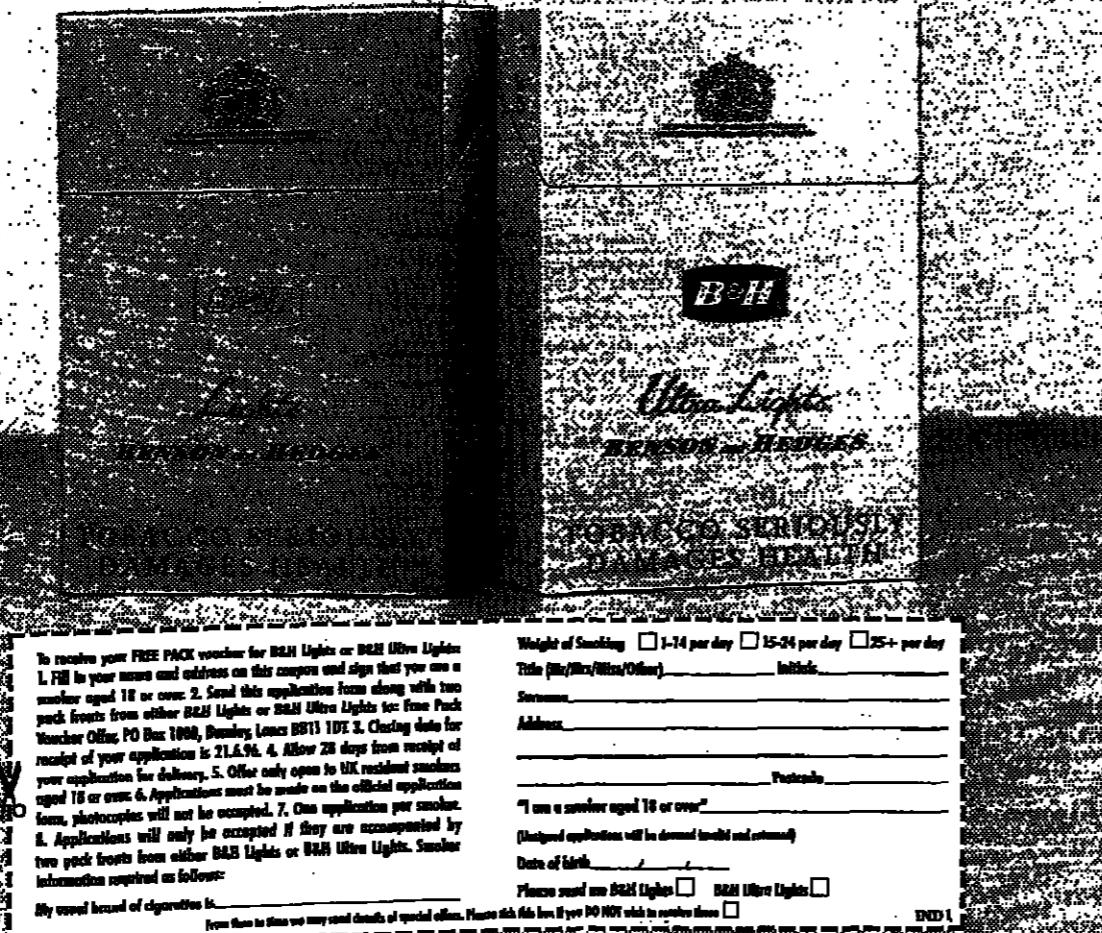
MAI is believed to have bid

for the rights for the next 10 years. However, top football clubs such as Manchester United are pushing for a shorter-term contract of no more than three years and want the right to re-negotiate once digital television is introduced in the UK, providing the capacity to televise all Premier League matches live on a pay-per-view basis.

The Premier League could name the winning bid as early as today.



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Dixons There's a great deal going on

## international

## Turkish leader forced out by bitter rivalry

HUGH POPE  
Istanbul

The Turkish government of Prime Minister Mesut Yilmaz collapsed yesterday after three months of administrative paralysis, squabbling over corruption and abject failure in its principal goal of blocking the rise of the pro-Islamic Welfare Party.

The centre-right minority coalition between Motherland Party of Mr Yilmaz and Tansu Ciller's True Path Party was cobbled together in March under pressure from those who fear the Welfare Party most, a sec-

ular republican establishment that includes big business, media barons and the powerful military. But even after signing a coalition protocol for a rotating premiership, the two youthful leaders competing for the future captaincy of Turkey's sinking centre-right could not overcome a personal rivalry that borders on hatred.

The slow-witted Mr Yilmaz was stubbornly convinced he could force Mrs Ciller's party to dump her by deploying allegations of corruption, including a parliamentary investigation into her great wealth. But he reck-

oned without Mrs Ciller's legendary toughness and charisma. She first ordered ministers to boycott their own coalition government, and when that warning move failed, simply joined the Welfare Party in agreeing to a vote of no-confidence that was to be held on Saturday.

Finding himself out-flanked, Mr Yilmaz found a pretext, court annulment of the government's original vote of confidence which he had previously dismissed, to hand his resignation yesterday to President Suleyman Demirel.

The Yilmaz administration

will now remain in office in a caretaker capacity until a new government is set up, a process that could take up to 45 days. If the government is not formed by July 21, then the president must call new elections.

Turkish markets reacted mildly to the situation. Private business has largely shrugged off political tumult that dates back to September, even though there are some signs of economic slowdown and a hesitation by foreigners to invest. Uncertainty arises over whether there will be a Welfare Party element in the next government,

and what it might do. The confusion - which Mr Yilmaz told reporters showed that Turkey was moving towards an "Italian-type democracy" as if that was something desirable - has also helped the wily and quietly ruthless President Demirel become a central player in Ankara.

But eyes are mostly on Welfare Party leader Necmettin Erbakan, 70, who should be asked to try to form a government first. Welfare controls the largest bloc of seats in parliament, having come first with 22 per cent of the vote in the

December 1995 elections. It consolidated this lead in local elections on Sunday, climbing by three percentage points to reach 33.6 per cent in the 41 municipalities in question. Mr Yilmaz's share dropped by five percentage points to 21 per cent and Mrs Ciller's by four to 12 per cent.

Mr Erbakan is calling for a grand right-wing alliance with both Mr Yilmaz and Mrs Ciller. To look more presentable, he seems determined to rein in his anti-Semitism, his dream of an Islamic common market led by Turkey and his deeply held beliefs about a Western plot against Islamic nations.

In an interview with *Millet* newspaper yesterday, Mr Erbakan pledged that the Welfare Party was committed to democracy, not to changing the way people dressed, ate or drank. He promised not to take Turkey out of NATO, that he would stick with the Customs Union with Europe and that he would consult with the Turkish military about the future of the allied air force that protects the Kurds of northern Iraq from President Saddam Hussein.

Leading article, page 11

## Likud victory gives settlers green light

In the wake of the Israeli election, Jewish settlers have started to take over houses in Palestinian districts in Jerusalem and Hebron. Within hours of the victory of Binyamin Netanyahu, the leader of the right-wing Likud party, a house in the Palestinian village of Silwan was occupied by militant settlers.

They came on Thursday and took over the house, said Riyad Ghuzlan, a Palestinian journalist who lives on the other side of the road. Eviction notices were served on the same day to 10 other Palestinian families in Silwan, long the target of religious settlers because it occupies the site of the ancient city of Jerusalem conquered by King David.

The speed of the action by the settlers, who took over no houses for four years under the Labour government, indicates that they now believe that they can move safely into Palestinian areas. In Hebron, settlers this week took over a building housing a Turkish bath, which their spokesman said had been Jewish property before a massacre of Jews in the city in 1929.

The expansion of Jewish settlements on the West Bank under Likud is the development most likely to torpedo hopes of preserving the Oslo accords. In a message to settlers in Hebron, who held a rally to celebrate his election, Mr Netanyahu expressed "appreciation for your Zionism and pioneering work."

Palestinians are being forced from their homes, writes Patrick Cockburn in Jerusalem

and concluded: "Be strong and brave."

In Silwan, the resumption of takeovers by settlers since the election is generating deep fears among Palestinians. Mr Ghuzlan says he has been fighting a legal battle to keep his house "since 1987 when we received a letter telling us that we had 30 days to leave our home". Khalil Jada is one of those who received an eviction notice last Thursday. People from the district surrounded his house until a lawyer got an injunction giving the family 21 days to appeal.

The takeover of houses in Silwan is being orchestrated by Elad, a militant Jewish organisation, which wants the land because it is the site of the City of David, destroyed by the Babylonians in the 6th century BC.

Its leader, David Be'eri, said: "In the last four years we have continued to buy houses from the Arabs." He would not say how much property had been bought, adding: "We don't want to talk about it. We don't want to make a noise about it."

Often, the first that tenants know about their house being sold is when settlers arrive at

their door. Danny Seidman, a lawyer for Ir Shalom, a section of Peace Now which specialises in holding back settlers in Jerusalem, says the money used was illegally obtained from the last Likud government. He points to the Klugman report, an official Israeli investigation which says that General Ariel Sharon, then housing minister, orchestrated the financing of the settlement drive. Mr Seidman says: "The settler organisations still have tens of millions of dollars left from what they received then."

The Klugman report concluded that many Palestinian properties had either been obtained illegally by settlers or by quasi-legal means by the government, using tainted evidence. Despite its finding, the Labour government decided not to act against Elad or its sister organisation, Ateret Kotan (Crown of the Priests).

The result of the last settlement drive is that the Old City of Jerusalem and Silwan are dotted with heavily-fortified buildings held by settlers. They are easily identified by their barbed wire fences, blue and white Israeli flags and armed guards paid for by the government.

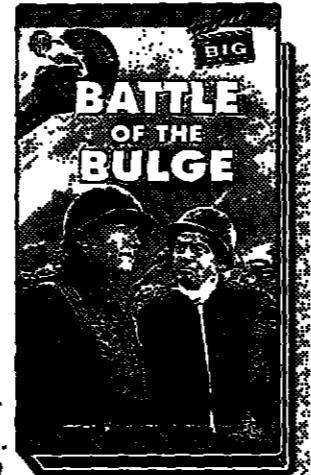
■ The Syrian president invited the leaders of Egypt and Saudi Arabia to a summit in Damascus today, to discuss Middle East peace prospects after Mr Netanyahu's election victory. AP in Damascus reports.

Scientists discover chilling evidence of crimes committed in darkest days of Bosnian war



Unearthing the truth: US forensic scientist John Gerns examines a corpse found in a mass grave at Bacici, Bosnia, yesterday. The grave, thought to contain the bodies of up to 2,700 Muslims, was identified by satellite photographs. Survivors testify that Bosnian Serb forces massacred at least 3,000 mostly unarmed Muslim men after taking the UN-protected enclave of Srebrenica in July 1995. Many were apparently buried en masse after execution in one of the most brutal episodes in the 43-month ethnic war, possibly the worst since the Nazi Holocaust. Photograph: Nikola Solic

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## Britain aims to boost arms sales

Christopher Bellamy reports on tougher competition in a shrinking market

Britain is planning to increase to 22 per cent its share of the total world arms trade by the end of the century, capitalising on the disintegration of the former Soviet Union. It wants to maintain its arms exports at their present value of about £5bn a year through its increasing share of a shrinking market.

The United States, Britain and France are the three main arms exporters in the world, accounting for 90 per cent of all the new defence equipment, although Charles Masefield, the head of the Defence Export Sales Organisation does not believe that position will be sustained. Russia has committed itself to regaining some of the sales of the former Soviet Union, and east Asian countries, particularly Japan, may soon have the potential to challenge the traditional arms exporters.

The British and French arms industries are each about a third of that of the US, so their increased collaboration could

have an impact on US exports. So could Britain joining the Franco-German arms agency, as proposed by the Secretary of State for Defence, Michael Portillo, last week.

In some areas, the Europeans are gaining ground against the US. Although the US can produce more advanced armaments more cheaply, it is losing out because it will not allow countries in the Middle East and the Pacific rim - the two main arms-purchasing areas - to have the most up-to-date equipment.

But the purchase of ready-made arms is being supplanted by the sale of know-how and "dual use" technologies which can be applied to military or civilian products. The Europeans are also more willing to transfer technology and let other countries produce

their designs under licence. The US arms industry employs about 800,000 people directly and a similar number indirectly. Britain and France each employ 230,000 directly and the same number indirectly. The shares of the global arms market are comparable: between 1990 and 1994 the US received export orders totalling \$116bn (£77bn) as against \$40bn for the UK and \$39bn for France.

Britain provides 19 per cent of the world's arms exports. Its target is 22 per cent by 2000. Russia recently set itself a target of reviving arms exports to \$5bn a year.

Most arms sales revenue does not come from the sale of equipment but from contracts to maintain and support it. Mr Masefield said. For this reason, purchasers are expected to be reluctant to buy Russian arms. After sales service is seen as unreliable because of the country's instability.

going rapid industrial growth which could pay for an unrestricted arms build up, and where there are many flash points but no regional security structures comparable with those in Europe.

According to a new study by the Saferworld foundation on the transfer of arms and military technology to east Asia, the "new-found wealth and buoyant trade" in the area has placed a stress on maritime forces to patrol supply routes and protect natural resources. A feature of the arms market on the Pacific rim is the role of technology transfer in building up the economies in general and defence industries in particular.

Most arms sales revenue does not come from the sale of equipment but from contracts to maintain and support it. Mr Masefield said. For this reason, purchasers are expected to be reluctant to buy Russian arms. After sales service is seen as unreliable because of the country's instability.

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# Lukewarm applause for a man out of Time

PHIL REEVES  
Kazan, Tatarstan

The hall was ready. The crimson roses were on the podium. The crowds, mostly students, teachers, and pensioners, were cramming the aisles. All that was missing was the star attraction, Mikhail Gorbachev. Then, just before he swept in an hour late, the lyrics on the sound system aptly summed up his dilemma: "It must have been love, but it is over now."

These were not surroundings to which the architect of glasnost and perestroika, *Time* magazine's former Man of the Decade, was accustomed during his years on the world stage, when the only better known leader on the planet was Ronald Reagan. Here he was, 500 miles from the glittering halls of the Kremlin, campaigning like any other back-peddler in a provincial civic building in the autonomous republic of Tatarstan.

Russian politicians have a patchy record in this place, with its 3 million population, mostly Russians and Tatars descended from Genghis Khan. But on this, his first shot at running for office through the ballot box, the 65-year-old Mr Gorbachev was looking remarkably relaxed.

It was not always thus. Over the last few months his baffling campaign for the Russian presidency has been interspersed with humiliating moments. He has

been spat on, jeered at, and karate-chopped on the head by an angry on-looker.

During a swing through St Petersburg, local officials scurried his plans to visit three factories, claiming that they were closed to visitors. On a Victory Day visit to Volgograd last month, he was greeted with shouts of "traitor" as he wandered beneath the statue of Mother Russia that towers over the city from a hilltop.

But these moments have been incidental irritations, and are the exception rather than the rule. True, most Communists will never forgive him for the destruction of the party and the Soviet em-

You have to agree that Mikhail Gorbachev has left his mark on history

pire. And true, many supporters of market reforms blame him for failing to finish the job, plunging Russia into economic chaos and worsening living standards. Others still resent his candidacy, believing it will split the anti-Communist vote.

Yet, for the most part, those who gather to listen to Mikhail Gorbachev are more curious than hostile. "You have to agree that he has left his mark on history," said Rudi, a middle-aged school teacher, after watching him arrive

in Kazan. "One simply can't be indifferent to him."

But nor can one stop wondering why he has embarked on this lonely odyssey around a huge slice of the land that he once governed, being greeted by embarrassed local officials and lukewarm applause. Although he disputes the polls, most of which show him with a miserable rating of around 1 per cent, even he would agree that he stands not a snowball's chance in hell of winning.

His wife admits she tried to talk him out of running. Yet on he plods. The Ancient Mariner of Russian politics, compelled to tell his story.

Why? One principal reason appears to be that he is simply desperate to avoid the worst fate that can befall any politician — obscurity. "People seem to have forgotten Gorbachev," he said recently; his campaign for the presidency would be a "breakthrough from oblivion".

In the years since Boris Yeltsin unceremoniously ousted him from the Kremlin, Mr Gorbachev claims to have been repeatedly denied access to the Russian media. He says that the "information

blockade" is continuing in the run-up to the first round of the election on 16 June.

Yet his main platform is face-to-face with the people, arguing his case in a slow, occasionally witty, often painfully long-winded way before audiences in the heart of Russia. Here, he is away from the cruel intelligentsia of Moscow and St Petersburg, amid friendly folk — many of whom are pleased to see him merely because he is a celebrity.

His message is much the same wherever he goes. Russia faces a Hobson's choice, he explained to the audience in Kazan. It has to choose between Mr Yeltsin, "a disaster" who is responsible for "destroying science, education, and culture", and the Communist leader, Gennady Zyuganov, who is no better.

"The people around Mr Zyuganov" are the ones who pried their sticks into the wheels of reform during perestroika, who cobbled together the 1991 coup, producing terrible results. The audience seemed sympathetic, but unconvinced. "I didn't learn anything new," said Yevgeny Shulkin, as he stepped out into the evening sunshine afterwards. "He underlined reform. He didn't finish it properly. He's a good man, but the country needs a tough man." Roman Popkov, a student, was more succinct: "He is a political corpse."



Clean sweep: Poster for presidential candidate Grigory Yavlinsky. Photograph: Reuter

Yeltsin is bloodiest autocrat since Stalin'

In some of the strongest language of the Russian election campaign, Grigory Yavlinsky, the liberal economist, has accused Boris Yeltsin of having the "bloodiest autocratic regime since the Second World War", when Stalin was in power, writes Phil Reeves.

His barrage of criticism is further evidence that efforts to make a pre-election pact with Mr Yeltsin have come to nought, not least because of Mr Yavlinsky's demand that he fire his Prime Minister, Viktor Chernomyrdin.

Mr Yavlinsky, leader of the Yabloko party, is battling on alone, after also rejecting the notion of an alliance with Genady Zyuganov's Communist-nationalist bloc.

His attack on Mr Yeltsin appears to be part of a strategy to attract the vote of democrats disenchanted with the President's blunt methods.

He said the pace of violence in Russia had been steadily growing from the hardline pro-Soviet coup in August 1991 to the revolt against Yeltsin in October 1993 and the conflict in Chechnya.

"Three people died in August 1991, two hundred were killed in October 1993 and 30,000 died in the Chechen war. How many people might die in 1997 if the regime survives — millions?" he asked. He also warned of the risk that the vote will be rigged.

## SIGNIFICANT SHORTS

**R**eports that Pol Pot, head of the Khmer Rouge "Killing Fields" regime that ruled from 1975 to 1979, may be ill or even dead were being checked by Cambodian officials. Pol Pot, 68, has not been seen in public since after a 1978 Vietnamese invasion ended his reign of terror and has long had malaria. However sources in Thailand said his condition was not serious. *Reuter* — *Phnom Penh*.

**C**hina dropped its insistence that "peaceful nuclear explosions" should be permitted under the Test-Ban Treaty being negotiated in Geneva, paving the way for a deal by 28 June and opening the way for a global ban on testing. Peking had been alone among the five declared nuclear powers in demanding "peaceful" explosions be allowed for research purposes. *Christopher Bellamy*.

**R**udolf Scharping, chairman of the opposition Social Democrats in the German parliament, was seriously injured in a bicycle accident. Mr Scharping, 46, who failed to unseat Chancellor Helmut Kohl in the 1994 elections, was flown to a Koblenz hospital. He was riding downhill when he lost control and was not wearing a helmet. *AP* — *Koblenz*.

**V**aclav Klaus, the conservative Prime Minister of the Czech Republic, was asked by President Vaclav Havel to form a new government, despite narrowly losing his majority in weekend elections. If approved, the government will be based on the present three-party centre-right coalition but will also rely on the tacit support of the opposition Social Democrats. *Adrian Bridge*.

**T**alks between Russian and Chechen separatist delegates trying to end the 18-month conflict adjourned without result. They had been negotiating on a prisoner exchange and a Russian withdrawal from the mostly Muslim region in return for rebel disarmament. The delegates said that although the talks had broken down, they would reconvene in three days. *Reuter* — *Nizhny*.

**B**urma's military regime prohibited the pro-democracy leader Aung San Suu Kyi from holding meetings with crowds outside her home. Tension has been growing since the regime rounded up 260 democracy activists to try to prevent a party congress that marked Ms Suu Kyi's biggest political triumph since being released from six years' house arrest last July. *AP* — *Rangoon*.

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## international

## Berlin rebuilt by low-wage British labour

Local building unions are worried about the impact on their wages, writes Imre Karacs in Berlin

Culture vultures should probably steer clear of the James Joyce and the Oscar Wilde. The music is loud, the conversation impudent, and sheer genius merely a twinkle at the bottom of a glass of Guinness.

The "Oscar" and the "James", and a string of other pubs in Berlin named after famous Irish exiles, are watering holes for the gangs of workers from the British Isles who have come to seek their fortune in the El Dorado of the building trade.

Tens of thousands of Britons and Irish are labouring on Europe's biggest building site: Postdamer Platz and the surrounding areas where the Berlin Wall once stood, and where the edifices of reunited Germany's might will soon be soaring to the sky.

The hard men building the new government quarter and the temples of commerce in the former minefields seem harmless enough but they give Germans the creeps. To put it bluntly, as the local press does: the trouble with the Brits is that they are oversexed, over here, and under-paid.

Kevin, a 34-year-old Glaswegian carpenter, has been in Berlin for three years, claims to have several girlfriends, and though he will not say how much he earns, admits that people like him get between DM22 and DM35 an hour (about £9-£15). That might be at least twice as much as he would be earning in Britain, but

by German standards he is slave labour.

So concerned are the German trade unions that they are prepared to go on strike on Kevin's behalf. Well, not on his behalf, as they claim, but in defence of the interests of German workers who cost their employers up to DM65 an hour. The unions argue, not unreasonably, that Kevin and his pals are pricing German workers, 350,000 on the dole at the last count, out of the market.

Maters came to a head last week when the main employers' federation, the BDA, vetoed the government's proposal to introduce a minimum wage of DM18.60 an hour in the building sector. The measure would have been the first step in a series of swoops on foreign workers. The administration of the new system would have required checks on building sites; an unwelcome intrusion into the unregulated labour market.

Though most Britons would clear the wage hurdle, they and their employers pay no social security contributions which boosts the cost of a marginally better paid native worker.

The BDA's unexpected veto provoked anger among unions, opposition politicians, and even some construction companies that are being squeezed by the smaller cowboy outfit's "wage dumping". IG Bau, the building workers' union, had only just agreed to a tiny pay rise in re-



Sky high: Low cost foreign labour means construction firms can keep within their tender prices for rebuilding central Berlin. Photograph: Brian Harris

turn for the minimum wage, and is now dropping dark hints of conflict between foreigners and Germans on the sites. "My colleagues are absolutely furious," said Klaus Wiesehügel, leader of IG Bau. "And some have said to me: 'We must take matters into our own hands when no one else is prepared to help us.'"

Help will not be forthcoming in a hurry. Too much prestige and too many vested interests are attached to the capital being completed by 1999 at the prices tendered. Without foreign workers, the cost overruns would be huge, and Kevin

thinks the native workers would not be up to the task. "In the Communist regime it took four people to do one man's job," he says. "This is still East Germany. The German man is not good enough to do the amount of work I do."

Whatever their relative mer-

its, it is true that a unionised German worker would not do Kevin's 50-hour week, and when the temperature dropped to -15 degrees last winter, the Germans did not emerge from the caunter.

As the unions point out, even the British only do this be-

cause they have no choice. Driven from home by unemployment or low wages, the foreign workers must abide by the rules of the game: no paid holidays, no sick leave, no social security, and not even a guarantee that they will get paid at the end of the week. Paul, also a carpenter from Scotland, arrived here six months ago. He had completed his apprenticeship and sought work in London, all in vain. "You keep looking, but there's nothing," he says.

So he came to Berlin, where his mates assured him the roads were paved with gold. Finding a job was easy enough: the Irish pub act as an informal labour exchange, with vacancies advertised by word of mouth. It did not work out. "First job I was here I got ripped off," he says. "Six weeks I worked and they didn't give me any money."

Being ripped off is an occa-

ional hazard in Berlin. Kevin estimates he is owed DM6,000, money he will never recover from the crooks who prey on foreigners. Their victims, illegal or semi-legal workers, are hardly in a position to sue.

More time-honoured traditions for settling scores in the building trade are also admirable. "One of my friends is on the run because he beat up a sub-contractor," says Paul, who concluded long ago that the only sensible response to such adversity was to "pack your bags and move on".

But there are some who can-

not cope with penury, and take to shop-lifting, the bottle, or worse. "There's a small number who can't handle Berlin, and they get fucked up with booze and drugs," says Kevin.

Yet despite the difficulties, Kevin has no intention of going home, and Paul is settling in nicely. He has just moved into a small flat with a large number of his mates. "It's a shit-house," he says. "But it's better than what I had in England."

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## Europe's human rights watchdog starts to bite

The Secretary-General of the Council of Europe tells Tony Barber in Salonika why ex-Communist states want to join

### Soviet-controlled countries of the East

Even supporters of the Council of Europe would admit that many people, particularly in western Europe, have never heard of it, or have only a hazy idea of what it does. Yet almost 50 years after its foundation in 1949, the Strasbourg-based institution, whose task is the promotion of human rights and democracy across Europe, is acquiring more weight than perhaps at any time in its history.

One could even say it is becoming somewhat controversial. This was underlined at a recent meeting in Salonika, where members of the council's parliamentary assembly took the virtually unprecedented step of warning an applicant country, Croatia, to improve its human rights performance if it wanted full membership.

"Our main objective is to promote the core values of pluralist democracy," the council's Secretary-General, Daniel Tarschys of Sweden, told the *Independent*. "There must be certain minimal conditions to be fulfilled. We can't just take in any country."

Not much was heard of the council from 1949 to 1989, during which time its membership was confined to Western European countries. Its role in the Cold War was mainly to demonstrate how these states had embraced freedoms denied to the

blind eye to some countries' failings in order to expand its membership as fast as possible. The most obvious example concerns Russia, which was admitted early this year despite widespread concern over the war in Chechnya and the quality of Russia's political and legal systems.

Another example involved Romania in 1993, when Hungary argued for delaying Romanian membership on the grounds that Bucharest was still discriminating against the country's ethnic Hungarian minority. In the end, Hungary abstained in the vote, allowing Romania to join.

Significantly, when the vote on Russia was coming up, President Boris Yeltsin publicly warned rejection of the application would damage Russian relations with the West. It was a sign of how seriously Moscow takes its role in the European Union and Nato.

Mr Tarschys, a former professor of Soviet and East European studies at Uppsala University, said Council of Europe membership was important to a Central or Eastern European state. It served as a virtually unprecedented step of warning an applicant country, Croatia, to improve its human rights performance if it wanted full membership.

"Our main objective is to promote the core values of pluralist democracy," the council's Secretary-General, Daniel Tarschys of Sweden, told the *Independent*. "There must be certain minimal conditions to be fulfilled. We can't just take in any country."

Notwithstanding the recent warning to Croatia, the Council of Europe attracts criticisms from politicians and commentators who say it has turned a

Czech Republic, Hungary and Poland, presented the council with few problems when they applied to join. "As we came further to the east, there were more doubts as to whether some countries were ready for membership. I pleaded for an inclusive strategy," he said.

The "better-in-than-out" argument rests not only on the assumption that it is easier to influence a country's behaviour when it belongs to the council. It reflects the view, put by Mr Tarschys, that the council's activities are "not just a finger-pointing exercise" but are intended to encourage reform.

A variety of new programmes are in place to help strengthen democratic institutions and the rule of law in Eastern Europe. One is a Council of Europe Youth Centre in Budapest, where young Europeans exchange ideas about human rights, political extremism, unemployment and other issues.

The council is also involved in the post-war reconstruction of Bosnia, for under the Dayton agreement the council was asked to help set up a Bosnian human rights commission and a constitutional court. A sign of the council's growing importance is that the United States, Japan and Canada have all recently requested, and been granted, observer status.

## Don't mess with the monkey

### DELHI DAYS

If Rudyard Kipling were writing about India in the late 20th century, he might be tempted to change the *Jungle Book* around. Instead of having Mowgli, the man-cub, raised by wolves in the jungle, Kipling might be inclined to tell tales of the monkeys living in New Delhi who have become eerily human.

Monkeys and men have co-existed for so long in India that, inevitably, the primates have acquired some human traits. As Ishab Mallick, a primate specialist, explains, "In the forests, monkeys are shy creatures, but in the city they become very confident and quite aggressive. They will try to pull off a woman's sari."

You find monkeys riding public buses, like morning commuters. Wisely, they seem to mimic politicians in their choice of habitat and behaviour. While in Bombay they might take after businessmen, even a monkey is smart enough to figure out that in the capital, it is the politicians who are highest on the food-chain. You find thousands of monkeys living around the North and South Block bungalows used by the MPs.

Monkeys have even invaded the Rashtrapati Bhawan, the great old viceroy's palace which is now used by India's president. They impinge on the president when he strolls through his rose gardens, and even crack commando bodyguards, with their karate kicks, can't shoo

them away. And – just like MPs in any country – the monkeys periodically swagger into the government ministries, ripping out long-forgotten files and causing much fuss in what ever office they visit.

Urban living affects the monkeys the same way it affects humans: they become more aggressive and short-tempered. In other words, monkeys who have become eerily human.

Urban living affects the monkeys the same way it affects humans: they become more aggressive and short-tempered. In other words, monkeys who have become eerily human.

The next morning, the monkey was back at the Railway Ministry bus stop. Teeth bared, the monkey jumped onto every bus that halted until he found the one with his conductor.

(There is a second version to this story, which appeared in the *Indian Express*, in which the monkey returns with reinforcements, a platoon of other male monkeys. This exaggeration could have been spread by the conductor himself. It is, after all, rather embarrassing to go one-on-one with a member of a squat, lower species and lose.)

This monkey did a very bright thing. He went for the driver

first, knocking his hands off the wheel and forcing him to stop the bus. (I suspect that the monkey picked up this trick from watching Keanu Reeves in *Speed*.) Once the bus was stationary, the monkey lunged at the conductor, who fled in panic. He took refuge in a jeep, but the monkey forced him out.

For the most vivid description, I quote the *Indian Express*:

"The humiliated monkey went up to a cop, tapped him gently on the elbow and pointed at the locked car. Obligingly, the cop went to the locked car, and ordered the man to open up."

Experts I've spoken to say this is nonsense. Mr Mallick, the primate specialist, explained, "Monkeys are apprehensive about men wearing uniforms and boots." Quite right. Monkeys, like people, have learned through bitter experience that asking a cop for help always leads to more trouble.

Anyway, this monkey slapped around the conductor, took bites out of a few painful places, and chased him into the railway ministry. From there, the injured conductor limped to hospital. Yesterday, the monkey was back outside the Railway ministry, pacing angrily. A betel-nut seller on the corner was sure he was waiting for the conductor.

It's a different kind of jungle out there from Mowgli's.

Tim McGirk

# Sound the alarm bells for Turkey

The fall of Turkey's conservative government yesterday should set alarm bells ringing in the West. It is not that the country is about to be delivered into the hands of the Islamist Welfare Party, though that is possible. What should concern Turkey's friends in the West is how badly the established parties have bungled things, for it is that which has given the religious party its entrée.

Turkey is avowedly a secular state, though in practice, the links between mosque and state are strong. But as a modern nation, rooted in the modernising ethic of the Kemalist revolution, it has made an effort to subordinate religion to the needs of the state. The Welfare Party stands in opposition to that tradition.

It is not just Turkey where the attempt to divorce government from religion is under threat. India, too, is a secular state, where the aim has been to bridge the sectarian divides that run through a sub-continent. That is not a vision to which the Hindu Nationalist BJP subscribes: it wants to enshrine the defence and assertion of Hindu values. In Israel, too, the smaller religious parties did well at the recent elections.

There is a plausible argument that sees the very idea of the secular state as being under threat, divorcing as it does the practical business of government from the defence of strongly felt local cultural and spiritual values.

Samuel Huntington, the American academic and former national security official, has argued that religious cleavages will constitute the next great international battle lines, replacing the ideological split of the Cold War years. It is superficially attractive, as a saloon-bar version of international affairs. Fundamentalism is on the rise, Islam is a threat, and hence it is time to go back to the barricades again.

This is a useful idea if you're trying to sell a book, or revive the international arms industry, or launch a crusade; but it wilfully misunderstands the dynamics of the countries where religion is on the rise. There is no single force for fundamentalism, nor any necessary confrontation building between Christian and Islamic states.

There are, undoubtedly, many factors pressing electorates to abandon the established parties of government, and to seek salvation in more traditional creeds. The past decade has seen surging pressure for free trade, open markets, and an end to traditional power structures. The globalisation of industry, financial markets, and media has little time for local sensitivities. These pressures have been particularly keenly felt in those nations that stand on the brink of entry into the developed world, where rapid industrialisation has dislocated fragile social and economic structures.

The established political parties in



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many of these countries are rotten to the core. India's Congress party crumbled at the polls because its moral authority and probity had already disintegrated. Turkey's left is divided and weak; its right- and centre-right parties have proved incapable of maintaining a coalition government, and a whirl of corruption hangs over Ankara. With friends like this, secular liberal democracy has little need of enemies.

Secular liberal democracy is an ideal to be defended. Those who want to undermine it should be fought, tooth and nail, because they threaten tolerance, social progress and (in many

cases) freedom. But that should not blind us to the fact that, very often, they succeed because the forces that are defending the secular state are culpable of worse stupidities, sometimes in the name of nothing more praiseworthy than personal gain.

Necmettin Erbakan, 70, who leads the Welfare Party, is not a particularly savoury character, to say the least, with his ridiculous idea of an anti-Turkish Zionist and capitalist plot. The religious vote in Turkey is probably no more than 10 per cent. But the Welfare Party won 22 per cent of the vote in the December 1995 elections. Their success, like

that of the far right, owes more to the weakness of the centre than to any great longing in Turkey for an anti-Western revolution. Welfare does a good job in local government; many of its supporters are far from being anti-Western zealots; and it did, after all, come first in the elections. That is why Turkey's secular élite is ready to make cautious overtures to the Welfare Party, aware of both the party's popularity, and the growing difficulties of forming a government any other way.

Does it matter to us? Only 10 seconds' reflection on the history of European warfare over the past couple of hundred years leads to an understanding of Turkey's crucial geographical position, and the ethnic and ideological mix that results from that location. The stability of Turkey is vital for the West, and for Europe in particular. There is unrest all around: to the west in the Balkans, to the north in the former Soviet Union, to the east in the Caucasus, and to the south in Iraq, Iran and Syria. But the country's strategic importance, and knee-jerk rejection of Islam, should not blind the West to the inadequacies of its present leadership.

Mesut Yilmaz, the Prime Minister, and Tansu Ciller, Turkey's glumorous former prime minister and darling of the international conference circuit, have dismally failed to put together a coalition government so far, because of

the enormous personal animosity that each feels for the other. Let them fight; let Welfare try its hand at forming a government. If it shows signs of trying to steer the country onto an anti-Western path, then the alarm bells must be sounded. But, surprisingly, the biggest present cause for concern is the miserable inadequacy of the secular mainstream, not Islamic reaction.

## Give us sports folk any day

So here we go, the wonderful summer of sport. The Test series opened yesterday. Euro '96 kicks off tomorrow, soon it'll be Wimbledon, then the Olympics. Oh heaven! Oh horror! Should we all stay in with our mates drinking six-packs and watching telly, or be out watching weepies with our girlfriends?

One view says sport sublimates ugly tribalism: look how much time and money we spend rounding up hooligans.

But really, the struggles acted out on turf, track and water are one of the most therapeutically successful ways of behaving competitively without going to war or smashing up your local shopping precinct. Sports folk are, well, just nicer than politicians, movie stars, business leaders, and virtually anyone else you care to mention. Aren't they Eric?

## LETTERS TO THE EDITOR

### EU threat to our public services

Sir: You are right to oppose a European single currency and Economic and Monetary Union (EMU) on grounds of democracy and the defence of our public services (3 June).

For the UK to meet the economic criteria, this will require cuts of £18bn in our public services, in addition to those made in the past 17 years by this Tory government. How can anyone criticise the Tories if we in the Labour Party are willing to do the same, or even worse, in destroying those services?

These cuts are not of a temporary nature, but are a permanent feature and legal obligation set out in the Maastricht Treaty. Anyone doubting this should read the Treaty text, something the Chancellor has recently done.

The process creating the EMU and the single currency will also transfer powers on the major economic policies from democratically elected governments to European central bankers, who are appointed for eight years and who cannot be removed. Indeed a future Labour Chancellor of the Exchequer would be acting illegally even if he tried to influence those bankers on issues such as unemployment.

Many of us will find it impossible to support EMU and a single currency if it comes to a vote in Parliament. The leaders of all the political parties should realise this and should instead defend democracy and our public services.

LLEW SMITH MP  
(Blaenau Gwent, Lab)  
House of Commons  
London SW1

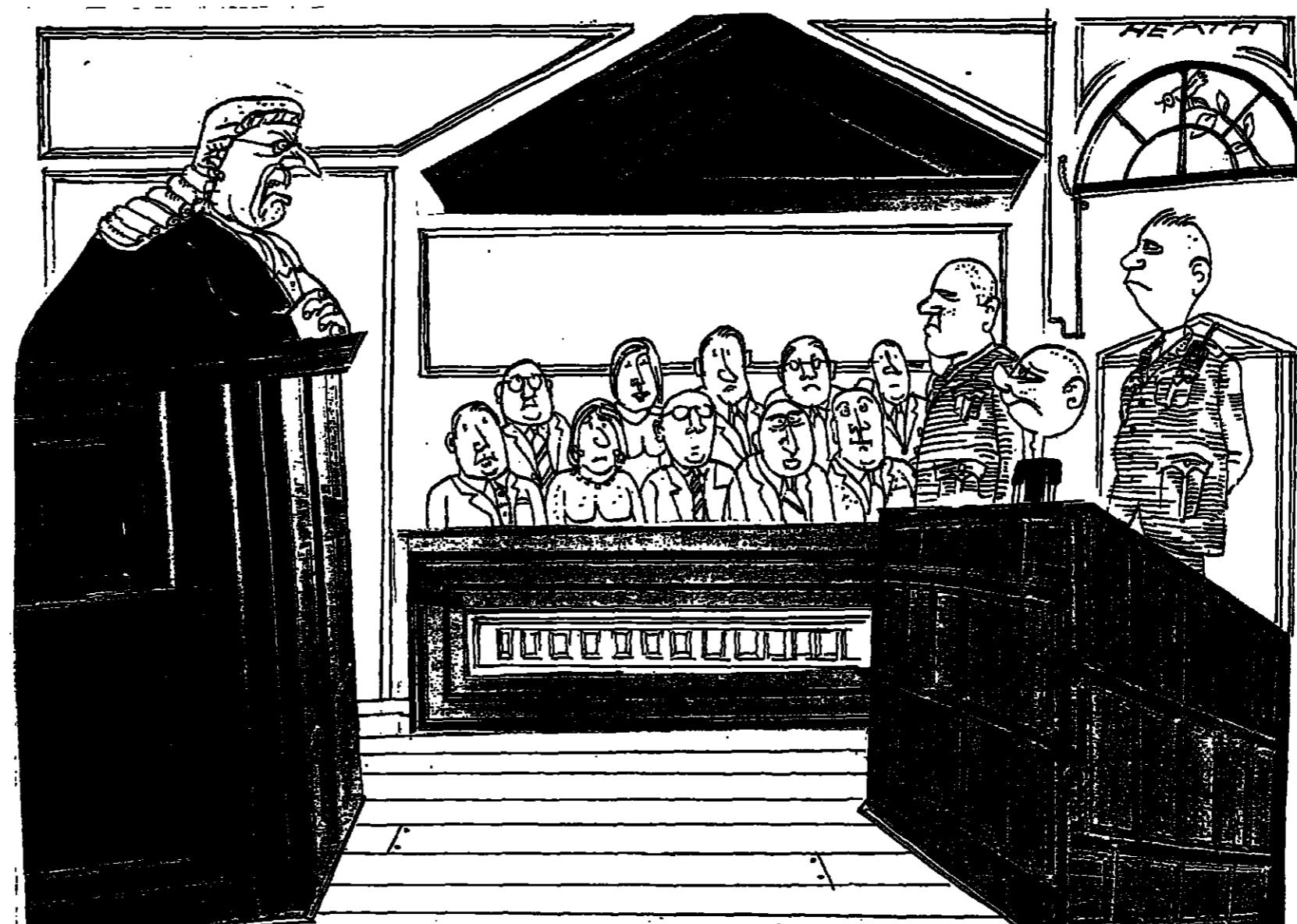
Sir: Warmest congratulations on your leading article about the European Community. At last a reasoned debate will be possible.

Perhaps the greatest obstacle in the way of such debate has been a combination of misinformation and lack of accurate information. Britain has been in the EC for over 20 years, yet very few people, even among the highly educated and politically minded, could tell you accurately about how it works and what it has done.

Discussions happen in other member states and within the EC institutions, for example, on how to make the EC more democratic. This has been a continuing concern from the beginning. Just because of concern for democracy, it would have been impossible to do as you suggest and set out plans for a federal union in detail right at the start. Instead there has been a step-by-step approach, requiring public agreement at each stage, attempting an "ever-closer union between the peoples of Europe" and not just between their governments. The purposes have been frank and the processes open from the outset, and if some of our politicians have not grasped them, the blame is not the Community's. I often wonder how many of the parliamentarians who speak about the EC have actually read the Treaties, visited the European Commission or listened to the European Parliament.

ANN DUMMETT  
Oxford

Sir: Your pioneering leading article on "Britain in Europe" (3 June) ended, surprisingly, rather lamely. For, after one of the most persuasive arguments for



European integration to be seen in the British press for some years, you nevertheless suggest that what you were doing was unfurling the flag of "confederation".

In reality you were doing no such thing. The article was rather a plea in all but name for a "federal Europe". I got the very distinct impression that the word "confederation" was thrown in at the end in order to appear sensible during this current wave of anti-European primitivism and nostalgia.

Instead of such appeasement those

who support the European cause should unabashedly proclaim the merit of federalism. After all, and contrary to the ill-educated proclamations from many Westminster politicians, a federal state is essentially a decentralised polity locating entrenched powers at sub-centre level. In fact, a federal Europe would be more decentralised than the UK for which, ironically, so many of our

Eurosceptics fear for the future. The UK is a unitary super-state with a single currency. The kind of Europe which your leader envisages is not a super-state in that sense at all.

Professor STEPHEN HASELER,  
London W8

Sir: I have been annoyed, then intrigued, by a fly which has been going round the room I am in for some five minutes before settling. Two questions arise: how long can a fly manage to fly around without pause; and, if translated into human terms, what would be the equivalent endeavour?

PHILIP WEBSTER  
Derby

### Daily dilemmas for the poor

Sir: I was saddened to see Simon Brooke's letter (5 June) and to read his arrogant and scathing remarks about people faced with poverty and living on means tested benefits.

Indeed people in poverty do have to make daily choices about what to spend their money on – do they feed their children or pay the electricity bill? Do they keep their children away from school because they can't afford to buy them shoes?

Many families struggle to survive on as little as £3 per person per day for housekeeping – I wonder what Mr Brooke paid for his lunch today?

A single person on Income

Support has less than £7.50 a day to pay for food, electricity, gas, water rates, clothes, toiletries and travelling.

In Cornwall there is extremely limited public transport and claimants have often no alternative but to hitch to their nearest benefit agency – no mean feat if one has young children.

Perhaps Mr Brooke would gain much from spending time with those who work with poor people so that he could better understand the issues that the Joseph Rowntree Foundation so properly reported on.

ALISON H MANDEVILLE  
Manager  
Liskeard Citizens Advice Bureau  
Torpoint,  
Cornwall

Sir: Your pioneering leading article on "Britain in Europe" (3 June) ended, surprisingly, rather lamely. For, after one of the most persuasive arguments for

### Striking a blow at the press

Sir: Polly Toynbee's piece on the Daily Mail seemed to express what many feel about the damaging power, and confused and hypocritical morality of the press (and I am not sure we should confine this judgement to tabloids.)

With a certain thrill we read her careful manipulation of the journalists' craft and her use of "contexts" to combat an intrusive and misleading piece of story fabrication. But this misses the point: Polly Toynbee may have been able to get her retaliation in first and strike some sort of blow for those who suffer press harassment, but how do those less privileged in access to the front page of a national newspaper "throw it back"?

G C WOODS  
Shrewsbury

Sir: reading your summary of the opening gambits of Irving versus Sereny ("Irving and Sereny go to war", 6 June) reminded me that in 1977 Albert Speer commented on David Irving's book. Speer said that "it was ludicrous for anyone to claim that the extermination of the Jews could have been anyone's idea but Hitler's".

He goes on to say, "It shows a profound ignorance of Hitler's Germany, in which nothing of any magnitude could conceivably happen not only without his knowledge but without his order."

That coming from the man who was probably closest to Hitler is far more convincing than any little game Mr Irving might like to play.

DAVID G GILES  
London SW1

Sir: In your "First Encounters"

feature (Magazine: "When

Algeron Swinburne met Victor Hugo", 1 June), Nancy Caldwell

Sorel mentions Algeron

Swinburne almost being drowned

in Normandy in 1868.

He was rescued by Guy de

Maupassant, who was on holiday at

the resort of Euretai. Swinburne

was so grateful to De Maupassant

that he allowed him access to a

collection of macabre objects in his

possession.

One of these was a severed hand

which De Maupassant kept for

several years and used as a paper-

weight.

DAVID BEALING

Managing Director,

People in Pictures Ltd

London EC1

### Why Hitler must have known

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Mrs R V HOCKING

Newport, Gwent

Sir: there seems to be general

agreement that a mixture of whole

class and group teaching works

well. However, in a typical

classroom built in the 1960s, if you

have a class of over 30 children, you

cannot arrange modern classroom

furniture in lines and fit in all the

</div

essay

# Oh, southern England, hot hectares of sunflowers under an azure sky

It is 2056 and Britain is unrecognisable. Peter Popham on life after global warming

**G**reg Smith rose before dawn, because this was the time when it was possible to do things. An hour or two later, with the sun fixed in the cloudless sky like a malign, fiery eye, the tar on the London streets would begin to bubble and melt and the few people still outside would scurry for shelter. And then the silence of the city summer would return, broken only by the chirping of cicadas and the metallic rustling of the pampas grass in the abandoned back gardens.

The year is 2056, and global warming is now so familiar a reality that nobody uses the term any more. It's merely the world we live in: a world of transformed climates and landscapes, of strange new geopolitical divisions and orientations, unfamiliar new groups of rich and poor. It's a world that would seem as bizarre to us, living 60 years before, as the world of the late Nineties would have seemed to people living before the outbreak of the Second World War.

Yet many of the changes that have transformed the world in the five and a half decades since the Millennium was celebrated in Birmingham were foreseen by scientists who tried, ultimately in vain, to alert the world's politicians to the dangers ahead.

For Greg Smith, one year into retirement now, London's fierce summer stretches formidably ahead. It's 20 years now since the great evacuation of the city began. First, the working-class populations of the low-lying districts in the east (along with the Docklands business community) were driven out. One dreadful winter when the bitter east wind never relented, the Thames Barrier was destroyed by a freak wave and the east of the city as well as much of Essex was inundated.

But then a more gradual exodus began, even from the upland parts of the capital that remained dry. Built for temperate conditions, the city became unbearable as each year the summer grew hotter. It became a city of intolerable extremes: bitterly cold winters punctuated by ferocious storms and wild floods; harsh, burning, pitiless summers, when the



only recourse was to keep the air-conditioning on full blast – and swallow the massive fossil-fuel tax incurred. The one escape was to move northwards, to the zones where life could still be sweet.

A submarine exploration of the sunken towns of the south coast? Brighton, its Royal Pavilion intact under the waves and glinting palely, was said to be particularly spooky and cooling. A trip along the new freshwater canal built – in the teeth of massive and bitter Welsh protests – to feed the south of England with drinking water from Snowdon?

He leafed through the travel agency's brochures. Another journey north, to his son's place south of Manchester, was much

the most tempting option, but he didn't want to abuse their hospitality. Besides, a lingering pride in his southern roots drove him to seek out things about the south still worthy of admiration. Though such things

the rise in the level of the oceans – the entire Maldives were the latest victim – were incarcerated indefinitely, pending an "international solution" to the problem. "Fortress Europe" had been a phenomenon.

Intergovernmental Panel on Climate Change had predicted many of the particulars of the changes that actually occurred: the rising sea levels, the swallowing up of islands and deltas, the increasing incidence of storms and floods, more hunger and disease, the return of menaces such as malaria to formerly temperate countries like Britain. All this had been predicted – and the underlying reason was as familiar now as the ABC: the build-up in the atmosphere of the "greenhouse gases", particularly carbon dioxide, the consequent trapping of infra-red radiation which then warmed the atmosphere unrelentingly. Separately there was the destruction of the ozone layer. Together they spelled drastic trouble.

In *Newsweek*, in January

1996, James E Hansen, director of NASA's Goddard Institute for Space Studies in New York, was quoted as saying, "As you get more global warming, you should see an increase in the extremes of the hydrologic cycle – droughts and floods and heavy precipitation." Quite right, Smith thought: monsoon-like rain has become normal in London. "The more rapidly we force change in the [climate] system," said Stephen Schneider of Stanford University in the same article, "the more

likely it is to exhibit inscrutable behaviour." Hence the strange weather first noted in the late Nineties – and it has been consistently strange ever since.

Smith sighed heavily, and dabbed at the sweat on his brow. Yet although the warming of the planet, as the environmental organisations long and vociferously predicted, had many devastating consequences, not everyone had suffered. Many people's lives had in fact been transformed for the better. His thoughts turned longingly towards Macclesfield – Macclesfield and the glorious north.

Again, Smith realised, it had all been foreseen: Professor Martin Parry of the Jackson Institute of Climate Research in London and a member of the IPCC, had predicted 60 years before that, while the whole of Britain would get hotter, the south would at the same time get drier and the north wetter. The consequences were foreseeable: irrigation, prairie-sized fields, semi-tropical crops in the south. And in the north?

The slopes of the hills around Macclesfield town centre were terraced for vines 20 years back, under the eye of a French master of viticulture from Bordeaux, fleeing the desertification of his own

region. Greg Smith's son Max had had to go abroad to find lucrative work, like most ambitious children of his generation. He had mined coal in China for five years in his early twenties – yes, he knew it was adding to the warming problem, but that's where the money was, especially now the Chinese refused to do such work themselves. He had made so much money (when translated into euros) that on his return he had been able to buy one of the up-and-coming vineyards of southern Manchester, with a handsome villa – built 150 years before, during the town's previous surge of economic success – set in the middle of it.

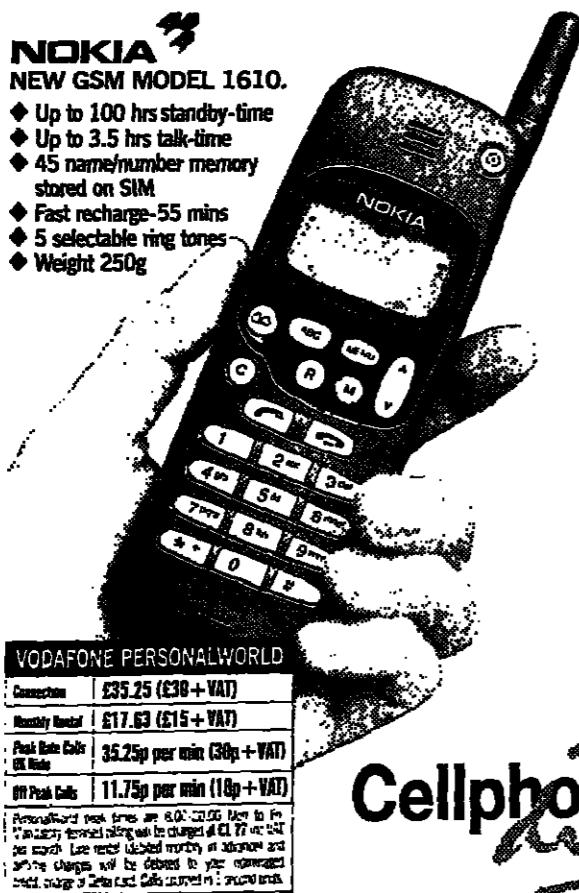
Now he could only congratulate himself on his sound instincts. For Manchester had decisively taken over many of London's functions when the capital became too hot to bear – the City, in particular, had favoured Manchester'susher, more merciful climate, not to mention its excellent wines – and the green suburbs to the south were experiencing an apparently endless boom, as the changing climate greened its valleys and fruited its hillsides and gradually transformed it into the Provence of the North.

And the good fortune was not restricted to the inland areas. More than half a century before, seemingly crazed city fathers insisted on building marinas, for no conceivable purpose, in unlikely places such as Hartlepool. But now these mad acts were revealed as stunningly far-sighted: the same marinas were throbbing night and day with Mediterranean-style life, their brilliant blue harbours alive with pretty sailboats. Liverpool ready-reckoned itself in the image of Cannes, Blackpool in the likeness of Monte Carlo.

It all had a strange, circular sort of justice to it. It was here in the north of England that the industrial revolution had been born; here for the first time greenhouse gases had been unleashed on the atmosphere in quantities previously unimagined. Decades, centuries passed, and while the north of England languished in increasing poverty and obscurity, the revolution it had made went around the world and did its work, and the greenhouse gases went up into the heavens. Finally, today, the north was reaping the benefits of what it had originally sown. It was almost enough to make one believe in a benign God – though this was a view with which the environmental organisations were likely to disagree.

Down in Hampstead it was nine o'clock in the morning, and the cicadas shrieked and the pampas grass creaked and another infernal day was under way. Greg Smith swallowed his pride and picked up the phone. He'd go north again, after all.

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## The homely little fields of his youth had been amalgamated into mighty prairies

were, admittedly, harder and harder to find. His motoring tour of Kent last summer with an old friend had proved deeply depressing: all the hedgerows and woods torn down, all the ponds filled in. The homely little fields of his youth had been amalgamated into mighty prairies, where rows of tall, bushy sweetcorn plants marched towards the horizon, and hectare after hectare of massed sunflowers nodded under the azure sky.

At the beach (several miles inland from where he remembered it) he had got sunstroke, and was bitten by a scorpion, and nearly died. On the way back to London, he was further depressed by the sight of the newly established "temporary islander resettlement camps", baking behind high barbed-wire fences, where survivors of islands wiped off the map by

even in his childhood in the late Nineties, but now that vast coastal-estuary and island areas of countries such as Bangladesh, India and Indonesia had been destroyed by the sea, Europe's attitude to would-be immigrants had become far tougher. The hard-nosed approach of the Hong Kong Chinese towards the Vietnamese boat people 60 years ago was always being cited by politicians as the prudent approach: lock 'em up, then ship 'em out.

And it had all been foreseen, Smith told himself wonderingly. Many of the warnings given by scientists before the end of the last century had been astonishingly clear and detailed. Looking back through his father's yellowing newspaper archive, it had startled him how prescient they had been. As long ago as June 1996, the

Intergovernmental Panel on Climate Change had predicted many of the particulars of the changes that actually occurred: the rising sea levels, the swallowing up of islands and deltas, the increasing incidence of storms and floods, more hunger and disease, the return of menaces such as malaria to formerly temperate countries like Britain. All this had been predicted – and the underlying reason was as familiar now as the ABC: the build-up in the atmosphere of the "greenhouse gases", particularly carbon dioxide, the consequent trapping of infra-red radiation which then warmed the atmosphere unrelentingly. Separately there was the destruction of the ozone layer. Together they spelled drastic trouble.

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## Cancel the millennium? Oh, why not ...

I keep reading that we have a stand-off situation in the world. What is meant by a stand-off?

It's another word for fly half. No, not that kind of stand-off. I meant a political stand-off. Oh, well, a stand-off is to politicians what gridlock is to traffic. You mean, everything coming to a standstill?

Has that happened ever? It is happening now. The whole political system of the world is coming to a gradual standstill.

Why?

Because everyone is asking the impossible of everyone else before progress is made. Could you give me an example of this?

Lord bless you, my child, I could give you a hundred thousand examples, but let us content ourselves with a look at the situation in Northern Ireland. What do we find in Northern Ireland?

I don't know. What do we find in Northern Ireland?

We find Sinn Fein/IRA refusing to call a ceasefire before talks and we find the British

refusing to admit them to talks before a ceasefire.

Hmm. That's a stand-off, then?

That's not the half of it. The Catholics in Northern Ireland want to be reunited with the South and the Protestants want to remain united with Britain. You can't have both, can you?

You can't have either, really. The South doesn't want to be linked up with the Catholics from Northern Ireland and the mainland wants to be shot of Northern Ireland altogether. Anyway, the South has troubles of its own.

Like what?

Like having to stage the Eurovision Song Contest in perpetuity, which could bankrupt the country. In fact, the Irish government has promised in secret to agree to anything Mr Major proposes if only Britain takes over the Eurovision Song Contest. Mr Major has said this is unacceptable. So the Northern Ireland situation remains.

Lord bless you, my child, I could give you a hundred thousand examples, but let us content ourselves with a look at the situation in Northern Ireland?

I don't know. What do we find in Northern Ireland?

Nobody. Except, possibly, the United States.

Why don't we give it to the US?

They have troubles enough already.

Such as ...?

Their stand-off with their great Asian enemy.

China?

No, Japan. The US has a huge deficit and Japan has a huge surplus and if Japan called in all its debts, the US might go bust.

Is that true?

Well, it's more complicated than that, but basically, yes.

And if the US went bust, it couldn't tell the rest of the world what to do.

What does it tell the rest of the world to do?

Get its act together. Shape up or ship out. Buy American.

Come to Atlanta for the Olympics.

That's it? That's all the advice America has for the world?

Yes.

It's not much.

Well, it also advises people not to get into a stand-off situation, like Israel and the Arabs, Iran and Iraq, China and Taiwan, Bosnia and everyone else....

Do people take any notice?

No. At least, they won't until America practises what it preaches and ceases its stand-off situation with Cuba. You'd think the Americans might have noticed by now that they have been having a stand-off with Cuba for 40 years now and have signal failed to do anything but embitter the Cuban people.

How will the situation get better?

It won't. It's getting worse. Not only do we have political gridlock, but Britain has gone one worse because, caught in the beef ban traffic jam, Britain has been infected with the political equivalent of road rage and is refusing to collaborate with anyone in Europe. A bit like a car in a country lane refusing to back up to the

scrub-half and kick for touch while the crowd shouts: "Oh, for God's sake, pass the ball and open out the game or we're all going to ask for our money back and go home!"

So that's why it's called a stand-off situation?

Precisely.

the commentators

# Would Labour find the Treasury powerless?

Kenneth Clarke can cut interest rates, but Chancellors are far less powerful than they seem

The Chancellor decides that there should be a cut in base rates - we'll leave aside his reasons for the moment - and interest rates duly fall. Is that an example of the unusual power of the Treasury, unusual, that is, by comparison to other countries, where decisions about interest rates are determined by the central bank, rather than the Treasury? Or is it precisely the reverse, an example of the way in which the Treasury appears powerful to outsiders, but actually has very much less power than many people think?

This issue is of considerable current importance. There have long been people - mostly, not always, on the political left - who believe that virtually everything that is wrong with this country is the fault of the Treasury. Every time there is some clear error of economic policy, be it sterling's experience in the Exchange Rate Mechanism or the Lawson boom, the Treasury takes a share of the blame.

But in recent weeks the debate has been given a new twist by two rather different stories. One is a spat between Gordon Brown and John Prescott about the place of the Treasury under a future Labour government. Gordon Brown would like to keep the present departmental structure, but wants to find

ways of increasing its effectiveness in encouraging a better performance by the economy. John Prescott, by contrast, does not believe that this is possible; he believes that the ethos of financial control will continue to drive the Treasury to the detriment of the real economy.

The other story was the leaking of an internal Treasury memo, just this week, in which the Treasury acknowledged that it was at least partly to blame for some of the political disasters of the Tory government. These include the Child Support Agency and the commercialisation of the blood donor service. The problem is that the Treasury mandarins take too narrow a view of the role of other departments and, by simply applying financial criteria, end up with policy mistakes. Suddenly, Treasury-phobes have not only acquired some new ammunition (now even the Treasury admits it is flawed), but also two mechanisms for firing it (either reform the Treasury à la Brown, or remove some of its economic power, à la Prescott).

We should not feel too sorry for the Treasury, for it has weathered far greater storms. Perhaps the most

serious political challenge to its power - the creation of a separate Department of Economic Affairs, in 1964, run by the then deputy leader of the Labour party, George Brown - ended in chaos with the collapse of George Brown's National Plan. The folk-memory of that experience almost certainly scared the Labour party sufficiently for it to avoid a return should it gain power at the next election.

None the less, there is a powerful case to be made that while the Treasury is still the most powerful of the government ministries and will remain so, it is already rather less powerful than it seems, and is steadily becoming less and less important as the years go by. It retains the power to make significant mistakes - though it is by no means unique among government departments in that respect - but its positive powers are becoming more and more limited.

The most obvious example occurred yesterday. The Chancellor cut interest rates. Now it is possible that his Treasury advisers disagreed with him about the wisdom of this, but for the purposes of argument let's make the unrealistic assumption that the Treasury and



HAMIL MCRAE

## Labour will pull levers, but nothing will happen

incumbent Chancellor actually think the same thing. We will know what the Bank of England thought when the minutes are published in six weeks' time. So from the outside it looks as though the Treasury is exercising its power to change interest rates.

But look what actually happened in the financial markets. Bank base rates came down, but there was no immediate change in the rate of interest on consumer loans or on credit cards. Some building societies

changed their rates, but others didn't. And, most crucially, long-term interest rates, as measured by price changes in the gilt market, actually rose. Because the markets distrusted the motives of the Chancellor - or at any rate were unconvinced by his argument in favour of the cut - the actual change in rates to borrowers and savers will be much less than the headline change in base rates.

The interest-rate decision by the Chancellor probably has some effect, but very much less than the headlines suggest. Had a similar decision been taken by, say, the US Federal Reserve or the German Bundesbank, it would have been much more significant. So in theory our Treasury is unusually powerful in having the ability to set interest rates; but in practice that power is very circumscribed.

Much the same point applies to other aspects of the Treasury's work. Taxation? Company taxation is set pretty much by international competition, for no developed country can step far out of line without encouraging firms to relocate themselves. Differences in personal tax rates have narrowed, as high-earners in particular have become

increasingly mobile. Even differences in the duty on tobacco and alcohol tend to close within Europe, as the *Calais* supermarkets show.

Spending? Big decisions about spending are circumscribed by financial markets: governments can decide to run a big gap between revenues and spending and borrow the difference, but those that do eventually find they are forced to reverse their policies. So there is very little real discretion about the level of public spending. There is some discretion about what should or should not be in the public sector. Should, for example, governments sell off nationalised industries? But that is not a Treasury decision; and as virtually every government in the world is busy privatising large chunks of its economy, the political decision is more one of timing than of direction. And, of course, the more of the economy that is in the private sector, the less the Treasury is involved in its investment decisions.

None of this is to say that the Treasury is unimportant, for incompetence in running public finance can do a lot of damage. Over-zealous attempts to micro-manage the budgets of other Whitehall depart-

ments do a different sort of damage, as that leaked memo admits. Everywhere, top-down authoritarian managerial styles do not achieve the objectives they intend, because they take away responsibility from people who know what they are actually doing. Here the Treasury is simply catching up with good management practice, and not before time.

The big issue is surely different. There is a grand historical process taking place that is reducing the power of governments as taxers and spenders and increasing their power as regulators. The Treasury controls taxation and spending. Other agencies regulate. Becoming a clever regulator is becoming as important as being an efficient taxer and an astute spender.

In Britain, the trappings of power are always substitutes for real power. The House of Lords, the Royal Family, the Foreign Office, the Lord Mayor of London, all appear powerful. But of course they matter less and less. I'm sure the Treasury is heading, albeit more slowly, in the same direction. A new Labour government would discover just that. They will pull the levers at the Treasury and expect things to happen, but they will find that at the other end no one pays that much attention any more.

# Invasion of the prying press



Andrew Marr, editor of the *Independent*, defends legitimate journalistic inquiry but draws the line at intrusion for entertainment

Intrusion is the editor's secret vice. Millions of readers of all kinds of newspapers are hypocrisie-voyeurs, priggish about the press and privacy when they talk, yet finding their eyes drawn irresistibly to tales of marital intrigue, illicit humping and private grief as the paper flicks open. The people who make newspapers are not fools: we understand the hypocrisy, we forgive it, we pander to the baser instincts and ignore the sanctimony as so much meaningless waffle. Sex sells papers. Pain sells papers. Savagery sells papers.

And the great thing about journalism is that it always moves on. The victims of the doorstep raid, the snatched interview, the pursued children are left bobbing along behind, forgotten and unregarded. The reporters have been entertained; that round has been fired, the next is already being loaded. And it is very unlikely that the reporter, still less the editor, will ever meet the victim again.

Except, of course, on those very rare occasions when the victim happens to be another member of the small club of journalists, and calls foul, as Polly Toynbee did on the *Independent's* front page so spec-

tacularly yesterday. The *Daily Mail* had mounted an aggressive investigation of her (unconscious) private life because of her liberal views on divorce and other issues. Friends and neighbours were harassed. She bit back, naming the journalists responsible and giving them good verbal belting.

Because she is a journalist too, this sort of behaviour makes it all most embarrassing

No one should be exposed because it is fun, or sells papers

very regrettable. It is in the family. Chaps who meet at dinner parties find it hard to meet one another's eyes. Oh dear.

A few readers found Polly's account of being harassed by the *Daily Mail* an example of journalistic navel-gazing. But it sometimes takes someone with the power of a platform to blow the whistle on a wider problem.

It wasn't that her experience was specially bad. She was being attacked by the *Mail* for her views rather than her behaviour.

But by the standards of many victims, Toynbee's experience of being harassed was mild and brief.

Yet most people I've spoken to were startled by the story.

Here, we were dismayed to be told by *Mail* people that their intention was merely to let her "squirm" for a few days as a punishment for her views. We were shocked when a *Daily Mail* executive told us that a *Daily Mail* had decided not to run the story because a young boy was involved ... but went on to say that if Polly wrote about what had happened, the *Mail* might well change its mind.

We were struck, too, by the number of people who contacted the paper yesterday to recount their tales of harassment over relatively minor sex "stories" or untrue rumours.

Some were famous names, others not. But what was really striking was that, although the events were common knowledge, almost all of them said they didn't want to go public ... they were frightened of retaliation by the *Mail*, or the Sun, or whoever.

One shouldn't be startled, shocked or struck by any of this. It is a common-enough occurrence and is rarely discussed only because it isn't in the inter-

ests of the press to talk about it. We all keep quiet. We are all "in the trade", aren't we?

No we aren't. Freedom of the press is basic to our protection from arbitrary private or state power. The right of journalists, like other citizens, to ask questions, probe and challenge is essential to that freedom. Following complex financial dealings, dodgy share arrangements, the plundering of public assets ... all these are difficult things that require probing or, to put it more bluntly, intrusion. Sniffing out double-standards and hypocrisy also means, on occasion, reporting the gap between what powerful people say and what they do in bed or behind closed doors.

But more and more intrusive "journalism" is prurient or vindictive. It is there, in all the tabloid papers, because readers are judged to like explicit sex stories and, vicariously, to share the hunters' thrill as another middle-aged scalp is taken, or another daughter shamed. It isn't an attack on the powerful. It is exposure for exposure's sake, directed at anyone whom anyone has ever heard of - and, increasingly, people no one has heard of.

If you are the relative of someone who won the lottery, or if your dad was famous in the Seventies, or if you were on *Mastermind*, you're fair game.

None of this has anything to do with freedom of the press. It is entertainment, sometimes with the willing connivance of greedy or stupid subjects, and at other times an emotional blood sport. It makes me a supporter, in principle, of privacy legisla-

tion that distinguishes sex from finance, and includes an overriding public interest defence.

There is no reason why MPs or journalists or anyone else in the public eye who are hypocrisies shouldn't be exposed. But no one should be exposed simply because it is fun, or sells papers, or helps make an ideological point. And for anyone who isn't a public figure, their private lives should stay firmly private.

Almost every well-educated graduate in the country seems to want to be a journalist. People fight and lobby to get a toehold in this lucrative, fast-moving business. One of the reasons is the journalism myth as fostered by the Watergate film and many more - the myth of heroic, principled truth-seekers, confronting power and

An everyday story of how the *Daily Mail* digs its dirt - and how to throw it back



John Lawrence/Keith Dobney

journalism to fight against. By naming names and attacking today? They become drawn into something very different, something utterly debased - the bullying of vulnerable people, by stronger people, for casual entertainment.

In short, they become the same problem they joined

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## Helpful Advice From Dr Vernon Coleman

### IRRITABLE BOWEL SYNDROME?

IBS is a painful disorder that can ruin your life. I used to suffer terribly from IBS, and had all the usual symptoms (pain, wind etc) but conquered the problem using a simple, two-step control programme. Since then my symptoms have virtually disappeared and the quality of my life has improved beyond measure. Now you can share the information that gave me back a normal life. I have produced a book called "Relief from IBS" that explains the methods I used to solve my IBS problem. The advice is written in an easy-to-follow style and includes a series of simple, practical guidelines designed to help you deal with your IBS in the same way that I dealt with mine. The topics covered include: causes and symptoms; how to look after your digestive system; relief from wind; tips on how to cope with stress; foods that can make things worse; and much, much more.

Having suffered from IBS for several years I know what a devastating effect it can have on your life and I do hope my book will be able to help you. You can try my advice without risk - if you don't find the book helpful then simply return it to me within 28 days of receipt for a full refund. See box below for details of how to order.

### ARTHRITIS?

I am a doctor with years of experience in general practice and have diagnosed and treated countless hundreds of patients who have this often troublesome problem. But it isn't only doctors who can help - there's an awful lot you can do yourself to help overcome the symptoms of arthritis. For this reason I decided to write a book which gives all the advice and information you need to help you reduce your arthritis symptoms. Thousands of people have already benefited from my advice on health matters and now you can share the information I have gathered over the years - while working as a family doctor and hospital doctor. The book contains all the information you're likely to need, including: getting the best out of drugs; controlling pain; diet and arthritis; helpful alternative treatments; what doctors can do; and much, much more. The advice is easy-to-follow and includes practical tips designed to help you deal with your arthritis symptoms.

To order simply write "Arthritis" or "IBS" on a piece of paper and send it with your name and address to: Sales Office IN35, Publishing House, Trinity Place, Barnstaple, Devon EX32 9HJ. Remember to enclose your cheque/PO for £9.95 per book. Credit card sales please ring (01271) 328892. All our books come with a full money-back guarantee - simply return within 28 days of receipt for a full refund if not delighted. Please allow 28 days for your book/s to be delivered.

# Beware of fibs in Euro-sceptic clothing

Membership of Europe isn't adding £20 to your food bills or ruining the economy, says John Lichfield

The BBC *Nine o'Clock News* informed us the other night that the higher price of food inside the European Union costs the average British household an extra £20 a week.

If true, this is a stupendously scandalous figure. We should leave the EU immediately.

The figure was broadcast as part of a two-minute survey of the costs and benefits of EU membership by Peter Jay, the BBC economics editor, former British ambassador to Washington and a man of considerable prestige and eminence.

But consider for a moment the implications of the number (as Mr Jay presumably did not). The average British household, according to the Government, spends a total of £31 a week on food. Can £20 of this really be the fault of Brussels? If the BBC is right, 66p of every pound we spend on food should be blamed on the margin by which EU farm prices are higher than "world" prices. Put another way, if we were outside the EU, the average British family would need only £10 a week to feed itself.

There must be another explanation and there is. Mr Jay's figure is absolute nonsense. Based on the only recent detailed study of the subject, by Erasmus University in Rotterdam, a more accurate figure would be £3.69 a week extra per household. This is nothing for the EU to be

proud of. It implies that our food costs are something like 12 per cent higher than they might be if the Common Agricultural Policy did not artificially support farm prices. If one includes the cost to the British taxpayer of sustaining CAP subsidies it adds another £6.88 per household. This gives a grand total CAP charge on British households of £6.57 a week significant enough, but less than one third of the BBC figure.

My point is not to defend the CAP. It is no longer the voracious, money-eating and mountain-spawning monster of the Eighties but further retrenchment and reform is needed (and planned). My point is to issue a health warning about all figures used by Euro-sceptics - and some used by Euro-fanatics - on the costs and advantages of EU membership.

The £20 figure used by Mr Jay has been current in Euro-sceptic circles for years. Its provenance is a mystery. It was never remotely accurate. It has been bandied down from Tedd Taylor speech to *Daily Telegraph* editorial until it has assumed the force of canon law.

Another egregious example is the number that has been quoted for the past eight years as the annual amount lost from the EU budget by fraud. At the risk of breaking the journalistic brotherhood's vow of silence, I can reveal a startling fact. This figure - £6bn - was invented from fresh air by members of the Brussels press corps and the European Commission

refused to give them a precise number (largely because no one truly knows). It has been used by the British press ever since; it has no basis in reality. The real figure could be higher, but it is most likely far less. The proven figure is just over £1bn a year.

Beef war or no beef war, we have been engaged for years in a propaganda battle in which the Euro-sceptics have generally had all the best lines. The European Union is far from

Thatcher's hard-won rebate - was running at £3.5bn. This was based on a misreading of incomplete figures for 1995-96. The British government puts the figure at £2.9bn and this is likely to be revised downwards. In 1994, the last year for which final figures are available, the UK net contribution was £897m or roughly £16 a head. Five other EU countries made higher per capita net payments than we did.

In any case, the figures are not so huge. England's net contribution to Scotland - the difference between Scottish taxes and UK government spending in Scotland - is running at £7bn. (Perhaps it is time for England to leave that Union too.)

Mr Jay also implied that Britain was getting a raw deal in its trade with the other EU countries. He reported that in 1994 we ran a trade deficit of £7.5bn with the rest of the EU but had a £6bn trade surplus with the rest of the world. Implication: we should trade more with the world and less with the EU.

The 1994 figures are a misleading snapshot taken from a sequence that tells quite a different story. In the 21 years of British membership of the EU, up to 1994, our combined deficit with the rest of the world was 50 per cent worse than our deficit with Europe. Deficits are in any case only a small part of the picture. The deficit with the EU - though real and something we should seek to cure - repre-

sents a small proportion of our combined trade with our European partners: now running at about £78bn in and £74bn out. Over 43 per cent of all our exports of goods and services now go to the EU. Since 1975 they have grown by seven and a half times: our exports to the non-EU have grown by two and a half times. What really matters is the volume of economic activity, and the pace of export growth, not the marginal deficit.

Economic and political arguments for and against the EU are used dishonestly by both sides. For the diehards of both camps, the core argument is political, not economic. Would Euro-sceptics be still against EU membership on nationalist grounds even if it was manifestly causing great prosperity in Britain? Would Euro-federalists be for EU membership on peace, security and romantic grounds if it was manifestly causing great economic suffering? Sometimes one suspects that the answer would be yes in both cases.

In truth, the EU is not causing us great economic suffering or vast prosperity. The figures are not as conclusive as pro-Europeans would like, but they are, overall, encouraging for those who believe Britain's best future, economically and politically, is with Europe. The numbers are nowhere near as negative as the Euro-sceptics - and the BBC TV news - would like us to believe.



## Rate cut leaves markets expecting rise within a year

DIANE COYLE  
 Economics Editor

The unexpected fall in base rates yesterday sent the pound lower and left the financial markets betting that rates will have to rise again within the next 12 months.

On a day that brought additional evidence that the economy is picking up, City reaction to Kenneth Clarke's surprise was mixed. Many analysts argued that it was a political move and likely to have been opposed by Eddie George, Governor of the Bank of England.

The Bank of England warned that this is just the stage of the cycle when mixed signals on the economy mean policy-makers make mistakes. Mr Clarke should not have cut interest rates, said James Barby, UK economist at the investment bank Deutsche Morgan Grenfell.

David Walton at Goldman Sachs said the Governor probably accepted the case for a cut in the short term but would have warned that base rates might have to go up again later. It

does leave a nagging doubt that the politics is coming into play.

Geoffrey Dicks, an economist at NatWest Markets, noting that Mr Clarke had promised to raise rates later if necessary, said: "We are ready to hold the Chancellor to his word."

Speaking about its Inflation Report last month, Mervyn King, the Bank's chief economist, said he saw no need for the extra insurance against short-term economic slowdown that another base rate reduction would bring. The report predicted a small risk that inflation would be above its 2.5 per cent target in 1998.

However, recent figures showing continuing recession in the manufacturing industry, combined with the strength of the pound, allowed Mr Clarke to make out a good case for reducing the cost of borrowing. I am satisfied that this modest further cut in interest rates is fully consistent with my target of inflation below 2.5 per cent, he said yesterday.

The Chancellor's panel of "wise persons" had some support

to this view. In a special report on the "output gap" coincidentally published yesterday morning, they concluded that the economy had room to grow at a faster rate than normal for three to five years without causing a rise in underlying inflation.

Even so, some of the panel's members had doubts about the latest reduction. Martin Weale of the National Institute of Economic and Social Research said: "If there is an economic justification for yesterday's rate cut, it is the drift in the exchange rate. But will the Chancellor put rates up again if necessary? Probably not."

Stating's index against a range of other currencies has gained 5 per cent this year. According to the Treasury's rule of thumb, this is equivalent in effect to an increase of more than 1 per cent in base rates. The higher pound will help reduce already weak inflationary pressure.

Roger Bootle, chief economist at HSBC Markets, predicted that base rates will have to fall even further to offset the impact of the strong currency on manufacturing.

Simon Briscoe at the Japanese bank Nippon agreed: "There can be little doubt after this move that if the economy is weak in the next couple of months the Chancellor will be prepared to cut rates."

However, yesterday's economic statistics provided more evidence for a healthy pace of economic recovery. Last month saw the eighth successive annual increase in the volume of retail sales, according to the CBI's survey of the distributive trades.

The pace of growth was a little slower than April, and less than expected. However, re-

tailers' optimism about future sales returned to its highest since December 1988, despite the fact that their recent expectations have been consistently disappointed.

Alastair Eperon, chairman of the CBI's distributive trades panel, welcomed the emergence of a "feel-better mood" among consumers.

Estates agents Black Horse brought news of a property shortage as thousands of potential buyers re-entered the housing arena. It said 43 per cent of its offices had reported

a shortage of three- or four-bedroom semi-detached houses. David Wood, managing director, said: "Buyers are obviously judging now as the right time to re-enter the market, or buy for the first time."

According to the Halifax's figures, house prices have climbed at an annualised rate of 12 per cent so far this year.

Separate figures from the Society of Motor Manufacturers and Traders (SMMT) yesterday showed that new car registrations last month were 8.5 per cent higher than a year ear-

lier. The SMMT was particularly encouraged by a sharp rise in retail purchases.

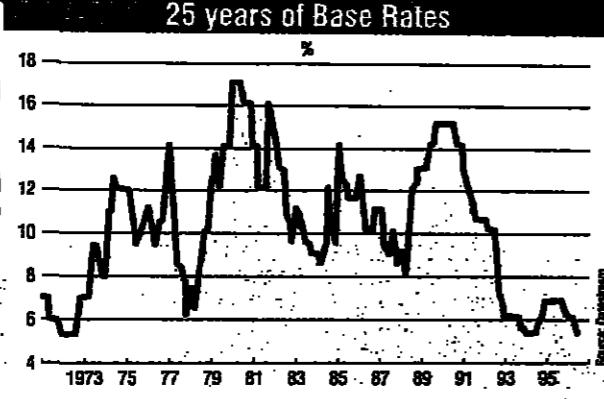
Venture capitalists 3i reported that optimism among small and medium-sized companies had risen for the second quarter running, especially those not involved in manufacturing.

In addition, the number of companies going into receivership rose between April and May but was a third lower than a year earlier, according to accountancy firm Deloitte and Touche. There was a particularly significant drop in the South-east.

Treasury officials and ministers held their annual Downing meeting this weekend to kick off discussions of this year's Budget strategy. The Chancellor is due to give his Mansion House speech traditionally on monetary policy next Wednesday.

Sterling lost more than a pфenning in value against the mark yesterday, closing at DM2.3580. The short sterling futures market soared, but continued to point to base rates back near 7 per cent a year from now.

Comment, page 17



## British Gas customers on line for lower bills as watchdog acts

MICHAEL HARRISON

Gas bills for 19 million domestic consumers are set to fall by further £8 a year under fresh price cuts announced yesterday by the industry regulator, Clare Pottswood of Ofgas.

These are the second set of cuts in as many months and, together with tougher controls on the prices charged by British Gas's transportation arm TransCo, will reduce the average bill of £520 by £40 from April next year.

British Gas immediately argued that the proposals, if implemented, would cause a significant squeeze on profits and hamper its ability to compete when the domestic market is fully liberalised in 1998.

Philip Rogerson, deputy chairman of British Gas, said

they would reduce the profits of its domestic supply business by 40 per cent from £152m to £90m and require it to reduce costs by 15 per cent between 1995 and April next year.

Although British Gas's response to these latest price cuts was more measured than its reaction to the TransCo proposals, Mr Rogerson said: "Nobody should be under the impression that we are happy. We have been less vociferous only because the proposals are less extreme."

Ms Spottswood defended the new price cuts saying: "They give British Gas the freedom and flexibility to compete while protecting consumers."

Ian Powe, director general of the Gas Consumers Council, welcomed the proposals, saying: "This is a triumphant day for

regulation and gas consumers." They would, he added, redress the balance of shareholder and consumer interest.

Under the proposals, British Gas Trading must limit price increases to inflation less 5 per cent for the three years from April 1997. The present price cap is RPI-4. Within the overall cap, however, it will be able to offer different price tariffs to different categories of customer provided that its basket of price stay within RPI-5.

British Gas will also be allowed to pass on to customers the full costs of its massive and loss-making take-or-pay contracts with North Sea suppliers. Had Ofgas decided that these costs could not be passed on, and British Gas had to charge its domestic consumers market rates, then bills next year would have

fallen by between £21 and £48. Ms Spottswood said the new regime would require British Gas Trading to achieve a 5 per cent annual reduction in operating costs and would allow it a 9 per cent return on capital.

Although tough, the new price cuts are unlikely to prompt a referral to the Monopolies and Mergers Commission. However, TransCo still looks certain to end up before the MMC. Mr Rogerson repeated yesterday that the TransCo price cuts were "ill-founded, damaging to the interests of British Gas shareholders and not in the overall best interests of gas consumers".

But Ms Spottswood said she had yet to receive any "logical or coherent" response from British Gas. So far all she had received was a "huge emotional barrage".

Boots looks to Europe to provide a tonic

NIGEL COPE

Boots is considering expanding its Boots the Chemist chain overseas for the first time since the early 1980s when forays into Canada and New Zealand proved unsuccessful.

Boots made the announcement yesterday as it reported a slight fall in pre-exceptional profits to £493m for the year to March. Boots is undertaking a review of costs, particularly at its Nottingham headquarters where it employs 11,000.

Boots said it would consider a share buy-back "only when the time is right". There was also no fresh news on the fate of Do It All, the loss-making DIY chain jointly owned by WH Smith. Boots' share of Do It All's losses were £10m last year while the Fads and Homestyle businesses lost £12m.

Boots' ambitions in France and Germany would be hampered by regulations that bar the multiple ownership of pharmacies. However, there is a strong prospect of these markets following the UK's de-regulation approach.

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## Pain brings results for Pilkington

THE INVESTMENT COLUMN

EDITED BY MAGNUS GRIMOND

Pilkington is a traditional bellwether for the British economy. Like ICI, it has been woken from past lethargy by a savage increase in competition in what have become commodity markets. But the world's biggest glassmaker has been shaken up by professional management led by chief executive Roger Leverton, formerly of RITZ, and since last year by Nigel Rudd, who added the Pilks chair to that of Williams Holdings in July.

After several years of restructuring in the face of sluggish or declining markets for glass, there is evidence that the pain is working. Yesterday's figures were distorted by the enormous provisions that have become a feature of recent years. Last year it was a £375m goodwill write-down on the disastrous contact lens business.

This year it was a £157m charge, mostly to cover the latest round of "downsizing" in the automotive and German building glass businesses.

That turned a reported loss of £248m last time into pre-tax profits of £55m in the year to March, but stripping out the big one-offs from both years, underlying profits soared 47 per cent to £212m. Earnings per share before exceptions leapt even further, rising 63 per cent to 14p.

Pilkington is clearly showing it can fight back in both its main businesses. Existing cost-reduction programmes added £68m to the 1995-96 figures and the benefits of the latest wave should build up from £35m this year to £75m in year three.

The automotive glass business looks well placed. Last year's restructuring at Libbey-Owens-Ford in the US will be matched by the shake-up in the European side following October's acquisition of the other half of Italian auto glass producer SIV. As well as the savings that will bring, the purchase has raised Pilkington's share of the European market from 14 per cent to a third. That gives it a powerful voice with the big car-makers and, notwithstanding the General Motors strike earlier this year, which cost £60m, it augurs well for the future, given signs of strength in automotive markets on both sides of the Atlantic.

More serious is the malaise affecting the German building market. Central European prices have slumped by a fifth in the past four months as clear signs of overcapacity have emerged. Pilkington puts surplus production in the industry at up to 8 per cent and has acted to cut its own capacity in Poland and Germany. A crucial factor will be whether its recently announced 8-10 per cent price rises will stick.

Profits of £250m this year would put

the shares, up 6.5p at 204.5p, on a forward multiple of 14. Those who took up October's rights at 155p have already done well and there should be further recovery potential.

### Boots cash pile is a problem

Boots' management had good reason to look pleased yesterday as they unveiled a decent set of results alongside an upbeat statement on the outlook for consumer spending. Yesterday's interest rate cut should help the housing market and Boots' DIY businesses, which include Do It All and Fads, continue to lose buckets of money.

But while these two businesses remain a problem and Halfords is not exactly a star despite its strong brand name, the real question about Boots is what it will do with its £526m cash mountain as the core Boots the Chemist chain reaches maturity in the UK. For all its attempts at diversifica-

tion, BTC still accounts for 80 per cent of Boots' profits. AG Stanley, Do It All and Childrens World (since sold to Stockhouse) recorded a loss and falling like-for-like sales last year.

The Boots cash pile is set to be boosted by a further £73m from BASF, which represents the balance of the £90m it agreed to pay for Boots Pharmaceuticals last year.

Boots has several options. It is looking at taking Boots the Chemist overseas, though there are no immediate plans. It is also investing in Boots Healthcare International, the non-prescription drugs business, and an acquisition in Europe looks likely. Another share buy-back is a possibility. There was no news on this yesterday though the door has been left open.

The shares are likely to mark time until the market has a clearer idea of Boots' intentions, but the prospects still look encouraging. Though pre-tax profits fell from £849m to £493.5m in the year to March 1996, the 1995 figures were inflated by £52m from disposals. Operating profits from continuing operations rose by 2.5 per cent to £444m.

### Boots : at a glance

Market value: £5.78bn, share price 606p

#### Five year record

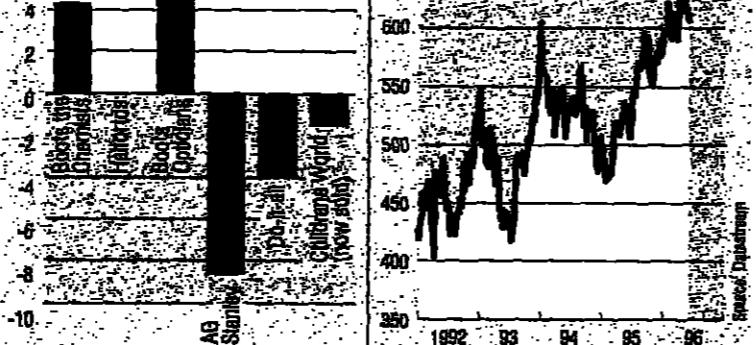
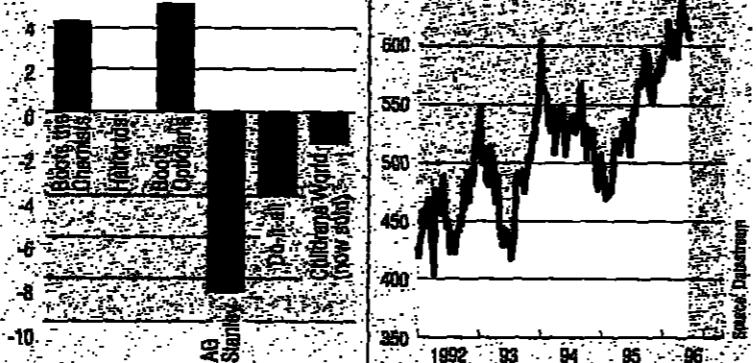
1992 1993 1994 1995 1996

Pre-tax profits (£m) 340.7 405.2 416.3 849.7 507

Dividends per share (pence) 12.4 13.4 15.0 17.0 18.5

#### Comparative sales

excluding new openings, %



Like-for-like sales increased by 2.8 per cent across the group, driven by Boots the Chemist, which contributed a 4.4 per cent uplift. If Boots could sort out its troublesome "tail" of subsidiaries, prospects would look brighter still.

BZW has lifted its profits forecast from £530m to £560m for the current year. With the shares up 2p to 608p, that puts them on a forward rating of 15. Hold.

### 3i keeps up with record markets

NatWest's decision to sell its remaining 17.8 per cent stake in 3i looks shrewd in the light of yesterday's figures from Europe's biggest venture capitalist. By the group's own total return method of accounting it turned in results 25.4 per cent ahead on the year, virtually the same as the FT-SE smaller companies index, which rose 25.6 per cent. Stripping out foreign assets, the growth was 28.2 per cent.

Shareholders' funds rose 23.4 per cent to £2.53bn, the revenue surplus rose 18.4 per cent to £70m and the dividend was 12.5 per cent higher at 8.1p for the year. Costs are clearly under control and the balance sheet is in fine shape.

As a specialised investment trust with a wide spread of quoted and unquoted stakes, the results are highly cyclical and, with the stock market racing ahead, 3i was bound to break lots of records, which it duly did. There is bound to be a slowdown at some stage.

Disposals of stakes have risen faster than expected six months ago, but it is proving a little tougher to sow the seeds of future growth with new investments, where demand for capital for expansion has weakened. 3i and the investment funds it manages increased their investment 13.7 per cent to £213m. On the other hand, the valuation basis is still conservative.

Since valuations lag the performance of the companies in which 3i invests, there should be more to go for in the current half year. SBC Warburg and NatWest Securities both reckon actual net asset value is nearer 445p a share compared with the stated figure of 426p at the year end in March.

The lack of any movement in the shares, unchanged at 452p, owes much to the overhang of next week's NatWest disposal. Institutions will be topping up their stakes but private buyers should not rush in if the price strengthens any more.

As a long-term investment, 3i offers a well-managed stake in the most dynamic part of the economy. Hold.

## Whelan joins the battle of the bulge bracket

### CITY DIARY

JOHN WILLCOCK



Martin Owen, chief executive of NatWest Markets, is delighted that he has managed to land Tom Whelan as chief executive of global equities, a new post. Mr Whelan left Morgan Stanley in New York just before Christmas to re-examine his career, having built Morgan's massively lucrative derivatives business. Mr Owen sees him as the ideal man to help NatWest Markets compete with the American "bulge bracket" investment banks like Goldman Sachs and Merrill Lynch head-to-head. Now the 44-year-old American has moved to London to pull NatWest Markets' growing number of equities businesses around the world into a more coherent whole. "This is a fabulous man for us," enthuses Mr Owen. The chief executive accepts that the top Wall Street expertise Mr Whelan brings with him does not come cheap. "This is an important appointment for us and his remuneration would reflect that." Observers interpret this to mean something in the multi-billion-dollar bracket.

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As a long-term investment, 3i offers a well-managed stake in the most dynamic part of the economy. Hold.

Communism was introduced. The Russians are very keen to attract foreign investment by stripping old industries of their liabilities. We want to help them to learn about insolvency. Mr Adamson adds. China, despite its rapid pace of industrialisation, or perhaps because of it, lacks any bankruptcy code at all.

Spotted in the lobby of the Treasury, a propaganda poster from 1953 which shows how little Britain's economic anxieties have really changed. The poster is headed: "The Budget and your pocket." It goes on: "Why taxes be so high? Why is money so tight these days? When are things going to get better?"

When indeed, Mr Clarke. Then there is a drawing of a pound symbol holding a

shield, on which is written the slogan: "We must protect the value of the pound."

That bit must have been added by one of Eddie George's predecessors. The poster also includes the fact that a dozen eggs in 1953 cost just three shillings (15p). No mention of inflation though - just like today.

Sunday Business, the newspaper launched by Tom Rublyth two months ago, is reaching another defining moment. While the latest investor in the project, the Northern industrialist Gordon Brown, prepares a re-launch for next weekend along with television advertising, the staff continue to leave in droves. Around half a dozen have left over the last 10 days, and around half the production staff is seriously considering leaving en masse. Watch this space.

most member states liberalise intra-EU telecommunications services by 1 January, 1998.

Mr Taylor said liberalisation would boost competition, lead to lower prices and make the UK an attractive location for international investors requiring cheap, high-quality telecoms services.

BT said that any adverse impact in the short term would be offset by increased opportunities in the medium term.

## BT-Mercury overseas duopoly abolished

MICHAEL HARRISON

The Government last night announced it was abolishing the last remaining element of BT and Mercury's duopoly over international services, paving the way for a string of rival operators to enter the market.

Ian Taylor, Science and Technology Minister, said he aimed to begin issuing licences to other service providers from July.

Elsewhere, temperature and appliance controls used for air conditioning and whitegoods and the like struggled aside patchy North American and European markets to record profits up from £128m to £141m. Although volumes across the Atlantic rebounded in the fourth quarter, Siebe warned that European markets remained subdued.

Colin Fell of Kleinwort Benson Securities described the figures as "consistently boringly excellent". The results were accompanied by a 10 per cent increase in the final dividend to 8.7p.

in the US. The order book there is up 30 per cent and the advanced IMA system has continued to win market share and now claims a figure of over 13 per cent, up from 7 or 8 per cent four years ago.

Operating margins eased from 14.4 per cent to 14.3 per cent last year. But Mr Yurko said increased research and development expenditure was worth 0.4 percentage points off the margin, while acquisitions tended to dilute returns until they were brought up to group levels. Without those factors, the growth would have been a full point to about 14.9 per cent, he said.

All divisions were ahead last year. The biggest, control systems, which supplies process controls for petrochemical plants, saw its profits jump from £127m to £156m last year.

Siebe ascribed much of the growth to the technological lead of the Foxboro subsidiary

among the companies expected to apply for licences to provide services from Britain to the rest of the world. The last remaining element of BT and Mercury's duopoly over international services, paving the way for a string of rival operators to enter the market.

The market being opened up mainly consists of services to Europe and is worth an estimated £200m-£300m a year.

The bigger and more lucrative long-distance markets such as transatlantic are subject to bilateral agreements between national telecoms operators and are not covered by the liberalisation announced yesterday.

The move to end the BT-Mercury duopoly was foreshadowed in a consultative document in March and is in line with a European Union directive that

### Chubb zooms in on closed circuit TV

NIC CICUTI

Chubb Security, the electronic surveillance to locks group, yesterday unveiled plans to expand its operations in the highly lucrative closed circuit television monitoring market as it announced an 8 per cent rise in annual pre-tax profits to £97.1m.

The company's CCTV expansion plans in Europe, North America, and Africa through a new subsidiary, Chubb Vision, follow the recent setting up of security operations in Thailand, Indonesia, Vietnam and China.

Chubb recently bought MSS Security in Australia for £2.1m and said yesterday that it intended to continue its expansion.

"[The company] has entered the next stage of expansion to build its business through acquisitions, partnerships and further organic growth," Chubb said. "These, with other actions being taken, should ensure

that the results for 1996/97 will be good."

Chubb's profits rose in the year ending March 1996, on a total turnover of £765.3m, despite a drop of almost 50% in its locks business in the UK, which the company blamed on continuing low levels of activity in the construction industry. However, Chubb's electronic security and fire protection business grew by 9%.

Overall, the UK contributed £40.6m towards the company's world-wide operating profits of £91.6m, after re-organisation and redundancy costs of £5.5m.

In the Australasian market, profits remained static at £19.1m, although turnover increased by 11.6 per cent, including exchange rate fluctuations, to £17.5m. Elsewhere in Europe, operating profits also fell slightly to £5.1m.

The final dividend is being lifted from 5p to 5.8p.

### ANZ Grindlays Base Rate

ANZ Grindlays Bank plc announces that its base rate has changed from 6.00% to 5.75% with effect from close of business 6th June 1996.

ANZ Grindlays Bank Private Banking

13 St James's Square, London SW1Y 4LF

Telephone: 0171-930 4611

Member ANZ Group

### Hill Samuel Base Rate

With effect from the close of business on Thursday 6th June, 1996 and until further notice, Hill Samuel Bank's Base Rate is

5.75% per annum

All facilities (including regulated consumer credit agreements) with a rate of interest linked to Hill Samuel Bank's Base Rate will be varied accordingly.

HILL SAMUEL BANK

Hill Samuel Bank Limited - 100 Ward Street - London EC2P 2AJ  
A member of the Lloyds TSB Group

## Murdoch's digital bust-up escalates

MATHEW HORSMAN  
Media Editor

Partners in Rupert Murdoch's digital alliance launched a war of words yesterday, fuelling expectations that the four-way deal to launch digital TV on the Continent was doomed.

Sources at BSkyB, 40 per cent owned by Rupert Murdoch, reacted angrily to suggestions that the alliance with Bertelsmann, Canal Plus and Havas had already failed, but gone the less blamed Bertelsmann for the rising tensions.

"We know how to deliver, and they only know how to deal in political palaver," said a Sky source, referring to BSkyB's record as a pay-TV broadcaster in the UK and growing fears at Sky that Bertelsmann is dragging its feet on introduction of a digital bouquet of programming in Germany by autumn.

A spokesman for Bertelsmann responded in kind, saying: "BSkyB started this whole mess not us," referring to a letter sent early this week by Mr Murdoch demanding clarification of Bertelsmann's intentions toward the alliance. That letter fuelled reports about growing tensions.

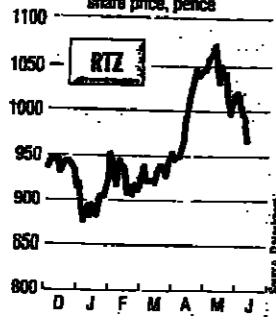


# market report/shares

## DATA BANK

FT-SE 100	3760.3	+6.9
FT-SE 250	4480.6	+4.6
FT-SE 350	1902.4	+3.2
SEQ VOLUME	855.3m shares	
34,139 bargains		
Gifts Index	92.63	+0.33

## SHARE SPOTLIGHT



## TV talks trigger a winning streak for football clubs

Even before the first shots of Euro 96 some spectacular goals are being scored in the stock market.

The fully listed football clubs struggled to record high as the battle to screen Premiership games was being decided by 20 club chairmen in Coventry.

Manchester Utd, the league and cup winners, jumped 32p to 463p; Tottenham Hotspur rose 23p to 461p and Chelsea Village, the company owning Chelsea FC, gained 3p to 66p.

The clubs will certainly clinch a far more lucrative deal than the £60m a year they get from BSkyB. Around £200m a year is expected.

But the market is no longer content to merely evaluate what the television rights are likely to be worth. There is a growing suspicion that with the vast sums now involved the communication giants will, in the fullness of time, decide to

demand a place at any negotiating table by buying successful clubs. The possibility of clubs launching their own television operations is also in the background.

The rest of the market failed to hold its best levels and the FT-SE 100 index ended 6.9 points higher at 3,760.3p. The interest rate cut triggered a token mark-up which, with little follow-through, quickly ran out of steam.

RTZ, the minerals giant, fell 23p to 967.5p as the market fretted about the collapse of the copper price, and Ladbrokes lost some of its takeover appeal, falling 5.5p to 186.5p. The betting and hotel group was hit by reports that Hilton Hotel Corporation, the US group seen as one of its most ardent suitors, had lashed out \$2bn on the Bally Gaming casino group. Such a deal leaves HHC with precious little time - and cash - to buy

out of steam.

Zeneca, the drugs group, enjoyed another heady run, up 16p at 1,379p, as takeover talk continued to swirl and Medeva jumped 30p to 261p on its £240m US acquisition.

British Airways climbed 11p to 549p following a bullish presentation at ABN Amro. Gore Goveit: National Power brightened 3.5p to 527p as stockbroker Greig Middleton said buy up to 60p.

Blenheim, the exhibitions group, soared another 42p to the

Ladbrokes. But it could pursue its dream of uniting Ladbrokes' international spread of Hilton Hotels with the Hilton chain it owns in the US through a trading pact.

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rest of its market as the market awaited the appearance of the signalled bidder and Johnston, a civil engineer, roared 105p to 478p as the acquisitive TT Group tendered for a 27.46 per cent stake at 500p. TT says the shareholding is a "strategic investment", which the market reads as platform for a bid.

Surefree Inns, earlier this week rumoured to be looking at the Tom Cobleigh pub chain, jumped 30p to 268p, implying it could be on the receiving end of a bid. The shares have come up from 70p in the past year.

Aminex, with oil interests in the former Soviet Union, gained 5p to 64p as the In-

ternational Finance Corporation, an arm of the World Bank, agreed to pump in £4.2m at 60p a share and make loans up to \$30m for the second phase of Aminex's Kirtayel Field development.

Megamedia, the Saatchi vehicle, fell 2p to 102p as £5m was raised through placing shares with Robert Fleming, a civil engineer, roared 105p to 478p as the acquisitive TT Group tendered for a 27.46 per cent stake at 500p. TT says the shareholding is a "strategic investment", which the market reads as platform for a bid.

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GGT, the old Gold Green-

lees Trott, gained 16p to 238p, just below the 12 month high. Shares of the advertising agency have climbed from 169p in the past year and their recent strength is thought to herald takeover action.

The company is believed to be trading well and should have produced around £5.8m in the year ended April against £4.5m.

European Colour, the pigments group, firms to 78p after producing figures slightly below market expectations - a 35 per cent gain to £2.9m. Around £3.4m is expected this year.

The group continues to seek acquisitions - it is talking to six companies and has 130 on its shopping list. Wyndham Press edged ahead 3p to 228p after a 45 per cent profit advance to £5.1m.

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Share Price Data										
Prices are in sterling except where stated. The yield is last year's dividend, grossed up by 20 per cent, as a percentage of the share price. The price/earnings (P/E) ratio is the share price divided by last year's earnings per share, excluding exceptional items.										
Other details: Ex rights: Ex dividend: A Ex all United Securities Market: S Suspended P Party Paid pm N Paid Share.										
Source: FT Information										
The Independent Index										
The rates allow you to access real-time share prices by phone from Seqx. Simply dial 0891 223 333, followed by the 4-digit code related to each share. To access the latest financial reports dial 0891 223 followed by one of the two-digit codes below.										
FT-SE 100 - Post rate 00 Starling Rates 04 Presentation Issues										
UK Stock Market Report 01 Bullion Report 05 Water Shares										
UK Company News 02 Wall St Report 20 Electricity Shares										
Foreign Exchange 03 Tokyo Market 21 High Street Banks 45 98										
Anyone with a tone-deaf telephone can use this service. For a detailed description of the Independent Index, including its portfolio facility, phone 0891 223 333. For assistance, call our helpline 071 573 4373 (9am-5.30pm). Calls cost 30p per minute (cheap rate), and 40p at all other times. Call charges include VAT										
Market leaders: Top 20 volumes										
Stock	Var/1000	Stock	Var/1000	Stock	Var/1000	Stock	Var/1000	Stock	Var/1000	
British Gas	-4000000	Tesco	1200000	Smith & Nephew	600000	Smith & Nephew	600000	Boots	500000	
BT	2500000	ASDA Group	1500000	Books	500000	Burton	600000	Books	600000	
BP	1200000	Lodding	950000	Argy Group	600000	Sainsbury	600000	Argy Group	600000	
British Telecom	6000000	Mitsui & Co	600000	British Steel	600000	Lloyds TSB	600000	Mitsui & Co	600000	
BT Cellnet	3000000	Citibank	500000	Hanover	500000	Glaxo Wellcome	500000	Citibank	500000	
FT-SE 100 Index hour by hour										
Open 3757.0	up 3.8	11.00	3757.7	up 10.3	14.00	3757.7	up 12.8	15.00	3770.7	up 17.2
09.00 3756.1	up 3.2	12.00	3756.8	up 8.3	16.00	3762.7	up 9.3	17.00	3763.8	up 10.3
10.00 3755.8	up 5.2	13.00	3755.8	up 10.0	17.00	3762.7	up 9.3	18.00	3762.7	up 9.3
Oil Exploration										
Stock	Var/1000	Stock	Var/1000	Stock	Var/1000	Stock	Var/1000	Stock	Var/1000	
BP	-200000	Amoco	100000	Exxon	100000	Hess	100000	Exxon	100000	
BP Cell	100000	Amoco	-100000	Exxon	-100000	Hess	-100000	Exxon	-100000	
BP Gas	100000	Amoco	100000	Exxon	100000	Hess	100000	Exxon	100000	
BP Oil	100000	Amoco	100000	Exxon	100000	Hess	100000	Exxon	100000	
BP Ref	100000	Amoco	100000	Exxon	100000	Hess	100000	Exxon	100000	
BP Prod	100000	Amoco	100000	Exxon	100000	Hess	100000	Exxon	100000	
BP Prod Cell	100000	Amoco	100000	Exxon	100000	Hess	100000	Exxon	100000	
BP Prod Oil	100000	Amoco	100000	Exxon	100000	Hess	100000	Exxon	100000	
BP Prod Ref	100000	Amoco	100000	Exxon	100000	Hess	100000	Exxon	100000	
BP Prod Prod	100000	Amoco	100000	Exxon	100000	Hess	100000	Exxon	100000	
BP Prod Prod Cell	100									

# From Dorneywood, the sound of options closing

It's time for the summer office outing to Dorneywood. The red boxes click shut, the government cars purr, and the Chancellor and his officials head for the country. With an interest rate cut hanging in the air behind them, and speculation about an October election rife, the annual weekend away to discuss options for the Budget will be more frenetic than ever.

To listen to politicians, you'd think that tax cuts and feel-good factors would be the main things on Kenneth Clarke's mind. Not so. If Mr Clarke is really attuned to the demands on his last pre-election budget, he will be worrying most about public spending. Just as in 1992, spending will hold the key to the way people vote. And this time detailed tax and spending decisions, rather than simply global figures, will matter too.

Pre-election Budgets are a strange phenomenon. Usually when the Chancellor appears with his battered brown briefcase, he is talking directly to the electorate – offering us a penny off tax here and a few pence on beer there. Before elections, however, Budgets are triangular conversations: the opposition have a voice too. The ideal budget for Mr Clarke will be one that not only appeals to voters, but wrongfoots Labour too. Which is why – believe it or not – spending plans matter so much.

Take 1992 as a case in point. Conventional wisdom has it that the Conservatives won the election on tax. In his March 1992 Budget, Norman Lamont cut taxes with a new 20p band. Meanwhile, so the story goes, Labour shot itself in the foot with the infamous Shadow Budget. Once John Smith had promised to raise taxes on voters earning £25,000, it ap-



## INDUSTRY VIEW

### YVETTE COOPER

peared that victory was at hand.

The truth is more complicated. The important difference between Labour and the Conservatives in 1992 lay in spending, not in tax. The fact that Labour wanted to spend several billion on child benefit and pensions in the Shadow Budget was only the start. Add on an unemployment programme, capital allowances to boost investment, £1bn extra spending on health and £600m for education, and you reach a tidy sum. No wonder Labour had to

avoided making uncosted spending commitments. Their most costly programmes for the young and long-term unemployed are to be paid for by a windfall tax. Ideally Mr Clarke would love to be able to characterise Labour as profligate socialists (as his predecessor did before him). Labour are not giving him the chance.

Mr Clarke's freedom to move on tax and spending is even more limited than Mr Lamont's. His predecessor's combination of tax cuts and spending increases was achieved by fiddling the figures. Initial forecasts by Treasury economists had put the public sector borrowing requirement for 1994/5 at £35bn. Mr Lamont's forecasts read £25bn. Mr Lamont's forecasts read £25bn.

Norman Lamont's PSBR scam will be a difficult trick to pull twice. Voters and markets are already suspicious about Treasury projections. Kenneth Clarke's forecasts for borrowing made in last November's Budget are widely agreed to be over-optimistic.

So as the Dorneywood crowd will be well aware, the Chancellor has two tasks if he is to win on tax and spending again. First he has to convince the public and the City that he has a way to fund any tax cuts he promises. And he has to find detailed tax and spending proposals that will make life as difficult as possible for the new, cautious, prudent Labour Party.

We can expect, for a start, more on the Private Finance Initiative, and perhaps a revised plan to privatisate the Post Office. He will raise more cash that way. Cutting capital spending, cutting funding for local authorities and cutting running costs are all among the usual suspects.

But these kinds of cuts are no use for winding Labour up. Kenneth Clarke wants measures to show

### The Conservatives won the 1992 election nine months before the votes were cast

promise tax increases. The fact was that they needed to show where they were going to get the cash.

But even this was not decisive. Most voters in 1992 did not feel that they were choosing between Norman Lamont's tax cuts and Labour's child benefit increases. The Institute for Fiscal Studies modelled John Smith's Shadow Budget at the time and showed that eight out of ten households would be better off because of the increases in tax allowances and universal benefits that Labour promised. Yet more than half of voters believed they would pay more tax with Labour.

Behind voters' perceptions of Labour's tax plans lay their views

about what Labour really wanted to spend. As David Mellor (then Chief Secretary to the Treasury) aggressively pointed out, the Labour Party had countless other policies which would have cost a considerable amount to implement. The fact that Labour qualified their proposals with the phrase "as resources allow" didn't convince many people. The message was clear: Labour's instinct for solving the ills of the world was to spend more money on them.

This time Mr Clarke won't get such an easy ride. Labour have

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about what Labour really wanted to spend. As David Mellor (then Chief Secretary to the Treasury) aggressively pointed out, the Labour Party had countless other policies which would have cost a considerable amount to implement. The fact that Labour qualified their proposals with the phrase "as resources allow" didn't convince many people. The message was clear: Labour's instinct for solving the ills of the world was to spend more money on them.

This time Mr Clarke won't get such an easy ride. Labour have

been making uncosted spending commitments. Their most costly programmes for the young and long-term unemployed are to be paid for by a windfall tax. Ideally Mr Clarke would love to be able to characterise Labour as profligate socialists (as his predecessor did before him). Labour are not giving him the chance.

Mr Clarke's freedom to move on tax and spending is even more limited than Mr Lamont's. His predecessor's combination of tax cuts and spending increases was achieved by fiddling the figures. Initial forecasts by Treasury economists had put the public sector borrowing requirement for 1994/5 at £35bn. Mr Lamont's forecasts read £25bn.

Norman Lamont's PSBR scam will be a difficult trick to pull twice. Voters and markets are already suspicious about Treasury projections. Kenneth Clarke's forecasts for borrowing made in last November's Budget are widely agreed to be over-optimistic.

So as the Dorneywood crowd will be well aware, the Chancellor has two tasks if he is to win on tax and spending again. First he has to convince the public and the City that he has a way to fund any tax cuts he promises. And he has to find detailed tax and spending proposals that will make life as difficult as possible for the new, cautious, prudent Labour Party.

We can expect, for a start, more on the Private Finance Initiative, and perhaps a revised plan to privatisate the Post Office. He will raise more cash that way. Cutting capital spending, cutting funding for local authorities and cutting running costs are all among the usual suspects.

But these kinds of cuts are no use for winding Labour up. Kenneth Clarke wants measures to show

promise tax increases. The fact was that they needed to show where they were going to get the cash.

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Norman Lamont's PSBR scam will

## Oldcorn makes hay in the rough

### Golf

TIM GLOVER  
reports from Meriden

If Colin Montgomerie was, to a certain extent, hoist by his own pet project, the feeling in the locker room yesterday was probably: serves him right. Monty had been brought in to defend the fort for the Alamo English Open and he suffered at his own hands with a 75. This was like the pre-dict Monty of old: chips with everything.

With the rough grown to an intimidating length and the greens as dodgy as anything that supper had to offer in Tom Brown's school days, Montgomerie had said that accurate driving was of paramount importance. In fact, his driving was fine but his short game was wretched. "I just had a bad day," Monty said. "I'm not out of this by any means."

Montgomerie has signed a contract with Marriott, which owns the Forest of Arden course and hotel, and it simply would not do for the world No 3 to miss the halfway cut and check out of his suite tonight.

"Three rounds of 68 would do it. I'm playing well enough," Monty said.

Montgomerie, in partnership with Michael King, has delib-

erately made the course more difficult to prepare himself, and seven other Europeans here, for the US Open in Detroit next week. From tee to green conditions might well be well, not dissimilar to those found in Michigan but the trouble is that they may as well be putting on Mars. "It's a shame the greens aren't up to the quality of the rest of the course," Monty said. "Maybe next year we can get it right."

Montgomerie had a torrid

time from the sixth hole where

he missed the green to the

right, played a poor chip and

missed a seven-foot putt for a

double-bogey six. He followed

that with a bogey six, a bogey

four, and a bogey five to go to

the turn in 40. At that point sea-

soned Monty observers were

anticipating the prospect of

seeing Paddington Bear in

bit but the Scotsman, despite

being hot, bothered and frus-

trated, kept a cool head.

At the par-five 17th he

chipped in for an eagle three.

Prior to that his chipping had

been hopeless. "I was just

bad tempered. I was not trying.

It was like being in a car with

your foot on the accelerator and

nothing was happening."

Yesterday Montgomerie

had the feeling but the differ-

ence between him and Old-

corn is that only the latter

would admit it.

Scores, Sporting Digest, page 23

the day," Monty said, eschewing a negative thought.

Oldcorn, an Englishman who lives in Scotland and has picked up the Edinburgh burr, sounded like a golfer who has been stranded on a desert island with a psychologist. "I have not been playing too badly but my mental performances have been pathetic the last six weeks and my confidence was low because I was under-achieving," Oldcorn said. "He has made one half-way cut out of his last five appearances."

"I've had trouble motivating myself, but I don't know why. It's as if I've been playing in a daze. I needed a kick up the backside and I got that from a few people at the weekend. I needed to change my attitude. I was particularly unpleasant to my caddie."

If any professional golfer is short of a teddy to throw out of the pram, then the caddie is the next best victim. "He's still with me," Oldcorn said of his bagman, John Lawlor. "I was just bad tempered. I was not trying. It was like being in a car with your foot on the accelerator and nothing was happening."

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Scores, Sporting Digest, page 23



Colin Montgomerie, at the first yesterday, hardly had his game in full swing

Photograph: Andrew Redington/Alsport

## Edwards may miss trials

### Athletics

MIKE ROWBOTTOM

Jonathan Edwards is so concerned about his form that he may ask to be excused Britain's Olympic trials in Birmingham next week. The world triple jump champion has won all three competitions this season, taking his unbeaten run to 17, but he trailed until his final jump at Wednesday's Golden Gala grand prix in Rome and admitted to "hopping like a sack of potatoes."

He added: "Like everyone else I've been told I have to do the trials and the last thing I want is to gain any advantage. But it has to be the aim of the selectors to make sure they send athletes to the Games in

the best possible shape and with the best chance of medals."

"My form is awful and I might consider not going to the trials. It's feeling like the end of the season rather than the beginning. There's no excitement or buzz about my jumping. I'm running quickly, but there is no real zap."

"It's difficult to know what is going on. I have a bruised heel and my knee is sore but I don't know how much it is physical. Maybe I'm just not being positive enough."

"After years of being ordinary, I've been catapulted into a situation where the event is suddenly all about me. I'm certainly finding out that there can be isolation and loneliness with success as well as failure."

The British Athletic Federa-

tion introduced a tough new selection policy to avoid last year's controversy over their World Championship team. Edwards was among several leading athletes who were listed separately when the team was announced and ordered to prove their fitness after missing the trials. He did so spectacularly by setting a new world record in Salamanca and went on to break it twice

at the Bramham Three-Day Event, Adel, and at the Commonwealth Games in Edinburgh.

Colin Jackson and Sally Gunnell also overcame their early season problems at a meeting in Nuremberg tonight. Lin-

ford Christie is also there for his first race against the world 100m champion, Donovan Bailey.

RUGBY UNION: International Match: Australia v Wales (10.30am) at Brisbane, Tour of Southland (H2) at Soton (3.30pm)

RACING (Flat meetings in capitals): DONCASTER Club £16; Grandstand £10; Family £5; Juniors £4 (under-16s free all enclosed)

CASTLE DONINGTON Club £10; Grandstand £20; Juniors £4 (under-16s free all enclosed)

WORCESTER Club £16; Grandstand £20; Juniors £4 (under-16s free all enclosed)

POWERBOAT RACING National Circuit Championships (Sunderland): Overall: Worcs £10; Yorkshire £8; Nottinghamshire £7; Lancashire £6; Cheshire £5; Derbyshire £4; West Midlands £3; Wales £2; Scotland £1.50

WINDSURFING (Sailings in capitals): DONCASTER Club £16; Grandstand £20; Juniors £4 (under-16s free all enclosed)

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WINDSURFING

# Pricket to pierce Cecil's ambitions

## Racing

RICHARD EDMONDSON

While the Epsom mechanics tinker about with the right day for the Derby, the oldest Classic on the Downs has been left to its own way to the scrapheap.

Edward Gillespie, the director of racing at United Racecourses, has continually informed us that every drop of perspiration his team has lost this year has been shed in an effort to get Derby day right. The Oaks, first run in 1779, has been ignored like a little old lady sitting in a wheelchair in the corner.

Great, great fillies like Oh So Sharp, Sir Princely and Salsabil have won the Classic in the days when it was run on the Saturday after the Wednesday Derby. These days the Oaks is thrown away on a Friday, the afterthought beforehand, little more than an appetiser, before a huge bowl of garlic bread to be tossed around the table.

If this fillies' championship is to regain some meaning it surely has to move to join the Derby and Coronation Cup on a

single day's spectacular, be it on a Saturday or (preferably) a Wednesday.

A factor that has helped push the little old lady down Tattington Hill in recent years has been the Maktoum supremacy. Persistent domination does not make good speculating and the boys from Dubai have won all but one of the last nine Oaks. The Godolphin team is on a hat-trick this

RICHARD EDMONDSON  
NAP: Madam Zando  
(Carterick 2.40)  
NB: Amron  
(Haydock 8.15)

afternoon following the successes of Balanchine and Moonshiner, who was trained by Henry Cecil before she took her winter sun.

Here we touch on the big selling point of the race. Sheikh Mohammed again goes into battle with another former Cecil-trained horse, Pricket, but this time there is a difference.

The two barons of the sport are no longer connected; in fact a huge sword was sliced through

the thread that connected them last October when their visions of the future set off to different points of the compass.

If boxing's promotional men had got hold of this one the buckets of glue and brushes would have been attending every spare wall space in Surrey, advertising the Newmarket Assassin against the Emirates Buzzaw, Bad blood remains.

It seems one of the two must win today. While Mezzogiorno has each-way prospects, especially as Casp Asmussen can be guaranteed to not get there too soon, Pricket, the pride of the Maktoum tribe, and Lady Carla, Cecil's unbeaten filly, have it between them.

As expected, Michael Stoute's Dr Massini was taken out of the Derby at yesterday's 48-hour declaration stage and his booked jockey, Michael Kinane, lost no time in dislodging Willie Ryan on Cecil's second string, Storm Trooper.

Willie Ryan's No 3, Clever Cliche, was later announced as the mount of Richard Hughes, leaving the luckless Ryan as the forgotten figure of the meeting. Now he knows how the Oaks feels.

Pricket's victory in the Pretty Poly Stakes at Headquarters

Yesterdays results, page 23

was at the expense of, among others, Magnificient Style, who went on to capture another Oaks trial, York's Musidora Stakes. She was subsequently supplemented for the Classic at a cost of £15,000, but withdrawn yesterday because the ground is too firm. All the spendthrifts have been run out of town, it appears.

On the form book Magnificent Style would not have had much chance anyway and as Godolphin have been tempted to elevate Pricket (4.05) to the head of the batch they have brought over this season, she has to be the selection.

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FIRST TEST: Indian batting frailty and outstanding fielding provide perfect tonics as Atherton's side continue its rehabilitation

# Rejuvenated England seize the initiative

DEREK PRINGLE  
reports from Edgbaston

England have begun the First Test match well. By dismissing India inside a day for 214, they have matched bold selections with equally bold deeds and given themselves a splendid chance of winning this match by Monday. With their batsmen rattling up 60 decisive runs without loss by the close, a big first-innings lead now looks likely, leaving India with little more than to scan incoming weather reports for the smit of a means of escape.

In truth though, it was a day that spoke more of India's frailty than any great potency in the England bowling performance, which was flattered by some outstanding catching. Only a drop at cover by Nasser Hussain in the second over of the day, blotted an otherwise unblemished fielding performance.

India have not played much Test cricket of late and it showed, their batting typified by a restlessness of spirit and a looseness of stroke, both by-products of the high octane that fuels the one-day game. Only Vikram Rathore and Sunil Joshi, of the 10 Indian batsmen dismissed, could claim a decent ball undid them, a poor proportion on a pitch which tame in comparison to last year's bone-breaker demanded patience and application.

Having won the toss, Mo-

hammad Azharuddin decided to bat, which was the correct decision despite the presence of moisture in the surface and four nervous debutants in the side. In that respect they just pipped England, who awarded new caps to Alan Mullally, Man Patel and Ronnie Irani, after sending Peter Martin and John Crawley back to county duty with Lancashire. At tea with India reeling on 162 for 8, both Mullally and Irani had got among the wickets, although Patel had yet to bowl.

However, it was Chris Lewis, seemingly rehabilitated for the umpteenth time, who made the first inroad when he had Ajay Jadeja caught low on a sliced cover drive.

Both he and Dominic Cork, who shared the new ball with him, extracted some variable bounce, particularly when the ball was short, but India's collapse was facilitated when their No 3 Sanjay Manjrekar was forced to leave the field after twisting an ankle in turning for a third run.

Until then, India were tooting along nicely at 40 for 1, before Atherton could make any possible changes, there was suddenly no need. Rathore, never a man for expansive foot movement edged an attempted drive to Nick Knight at third slip.

It was Cork, though who again provided the important breakthroughs. He has bowled better and was a yard short of his optimum length, as was Lewis, who finished with two wickets to Cork's four.

When England batted, it looked another game, a day's sunshine and another rolling removing the moisture that had lain within earlier in the day. Knight batted like a man who knows his home patch.

Well behind the ball in defence he was quick to hit anything loose with a crispness that had eluded all but Jagaval Sripathi, who top-scored for India.

If England could be criticised, it was for the passage of play that allowed him and Paras Mhambre to add 53 runs for the ninth wicket but if Atherton was hoping that he would not be in the firing line again.

"I was hurt by some of the things that were said after the West Indies match," Rouse said

likely to be bettered all summer. Deliberately positioned closer than usual at square-leg by his captain, Knight dived full length to his left to make a back-handed catch with his right hand.

It was an unexpected dismissal and it brought India a first Test wicket with his fifth ball. Had the Essex player been an old hand he would have known that a leg-stump half-volley is a dangerous delivery. As it was, the trademark shot that has brought Azharuddin well over half his Test runs proved his downfall.

Worse was to follow, when Sachin Tendulkar, known in India as the "unbowable" was bowled by Cork hitting across a straight half-volley. Believe it or not, since December 15th 1994, Tendulkar has scored fewer Test runs than either Devon Malcolm or Angus Fraser, a statistic due more to a criminal lack of Test cricket than an enhancement of the former England bowler's technique.

An almost identical dismissal from the other end sent Nayan Mongia back. Mullally fully deserved his first Test wicket, which was warmly applauded by a full stadium. He added two more – one a smart catch at first slip by Graham Thorpe – to finish a first day's work with figures of 3 for 60, a satisfying start to a bowling career at this level.

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